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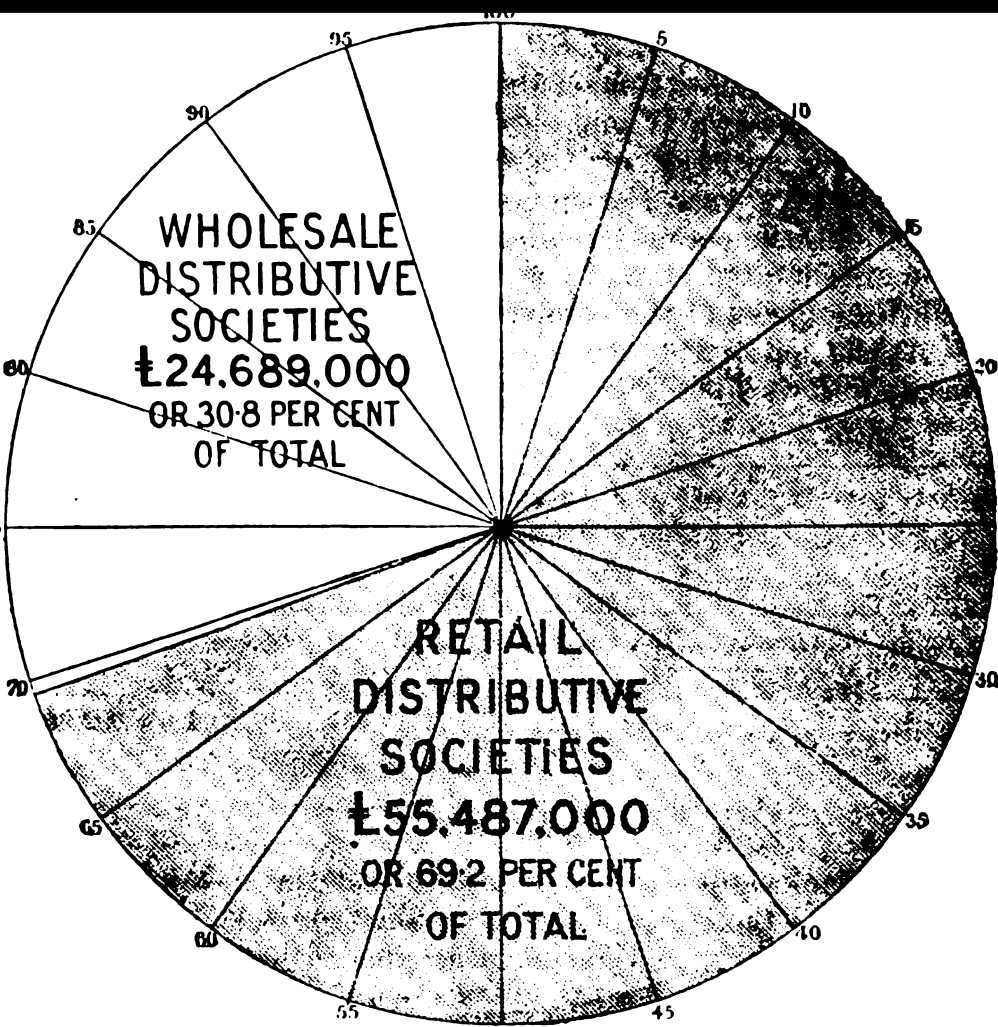
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# *Report of Proceedings of the Cooperative Congress*

International Co-operative Alliance

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**SIXTH CONGRESS OF THE  
INTERNATIONAL  
CO-OPERATIVE ALLIANCE.**



REPORT OF PROCEEDINGS

AT THE

SIXTH CONGRESS

OF THE

INTERNATIONAL CO-OPERATIVE  
ALLIANCE,

HELD AT

**Budapest, 5th to 8th September 1904.**

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*The same Report is also being issued in French and German.*

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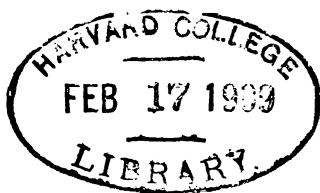
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## PREFACE.

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FOR the first time the Report of a Congress of the International Co-operative Alliance is issued in three languages, namely, English, French, and German, German being the latest addition. This means greatly increased labour for the Executive and staff, and a considerably heavier tax upon the Alliance's funds. The additional effort was, however, considered due to the increased number of German-speaking members, and to the propagandist aim of the Alliance, to which, by such means, greater justice is likely to be done.

In all essential respects the Sixth Congress has proved the most successful that the International Co-operative Alliance has yet held. It has been the means of bringing together co-operators from not less than seventeen distinct countries and of all various "schools," among them men who have never before met to plead and argue peaceably in presence of one another. The debates have gained not a little by such variety of opinion. The Congress has also proved a means of arousing a remarkably active interest in co-operation in those Eastern countries in which co-operation is still unfortunately backward, but greatly needed.

The subjects for discussion were, as usual, selected with special reference to the time and the place of meeting, and reports upon them have been collected with great care, and with a view to the greatest possible completeness, from unquestionably competent authorities, to whom the Executive Committee feels bound here to tender its sincere acknowledgments. We have, among others, the British Foreign Office to thank for useful help very kindly rendered, and no less the Austrian Ministry of Commerce and the various Austrian

*Landesausschüsse*, the French *Office du Travail*, the British Board of Trade, the Government of Württemberg, the Government of Luxemburg, and the Italian Ministry of Agriculture, Commerce, and Industry, in addition to many private persons whose contributions have proved most valuable.

The first subject dealt with, namely, the establishment of distributive societies in rural districts, has a special significance for Hungary and Eastern countries; but, in view of the opposition offered to the formation of such societies by various Continental Governments, it is of general importance as well.

The second, relating to the admissibility or non-admissibility of State or other outside aid to Co-operation, and, should such be judged legitimate, to the proper measure and the most expedient form which it should take, has in view of the assistance meted out by certain Governments with steadily increasing generosity, become one of the burning questions of the day. Opinion is much divided upon it, and on both sides feeling runs so high, that useful discussion, though greatly needed, seems out of the question in purely national congresses or congresses of distinct unions, in which opinion is apt to be prejudiced. The question accordingly appears specially marked out for discussion at an international congress like that of Budapest, at which every variety of opinion is represented, and where there is no *parti pris* in the collective gathering to bias judgment. The discussion, free and unrestrained as it was, maintained generally speaking by excellently qualified speakers, ought to help to clear the issue.

On the third question, that of Central Banks, which is likewise at the present moment of signal importance, since great changes have recently taken place in the position of one or two Central Banks—in addition to which a controversy has been newly aroused between Central and State Banks—and since credit co-operation keeps steadily extending to new countries, exceedingly instructive reports will be found among the Congress papers.

The discussion of the fourth point, that is, the causes of backwardness of Co-operation in various countries, and the best measures to be taken for coping with it, promises

to prove the starting point for an active propaganda in the East of Europe, where it has excited a warm and to all appearance genuine interest. The answers to questions put, here produced, come from persons well qualified to speak, and let in a good deal of new light upon the subject. We are promised that the local inquiries begun at the instance of the Alliance are to be continued, and by such means a wide new territory promises to be made tributary to Co-operation, to the signal benefit of working and cultivating classes.

The movement of Co-operative Women's Guilds has attained such proportions, and proved so exceedingly valuable, that the inclusion of papers upon it in the volume appeared distinctly called for, even though they could not be made a subject of discussion at the Congress.

The same observation applies to the instruction given with respect to co-operative principles and practice, not only by societies, but by Government instructors, and in schools and universities. Such teaching is becoming more and more common, and, since it is bound to do great good, it appears deserving of attention being called to it so as to promote its extension.

The usual survey of the condition of Co-operation in various countries this year covers wider ground than ever before. It tells an encouraging tale of the advance of Co-operation throughout the world, and shows Co-operation to be rudimentarily practised in countries in which its presence was probably scarcely suspected. The beneficent results of Co-operation shown in the reports here presented, ought certainly to serve as a stimulus to its even wider application.





# CONTENTS.

---

## PRELIMINARY.

### THE INTERNATIONAL CO-OPERATIVE ALLIANCE. MEMBERS AND RULES OF THE CONGRESS.

|   | PAGE |
|---|------|
| <b>THE INTERNATIONAL CO-OPERATIVE ALLIANCE.</b> |      |
| Committees, Members, Finance, Rules . . . . .   | 3    |
| <b>THE CONGRESS.</b>                            |      |
| Officers, Members, Visitors, Rules . . . . .    | 22   |

## FIRST PART.

### PROCEEDINGS OF THE CONGRESS, REPORTS AND RESOLUTIONS ADOPTED.

|  |    |
|--|----|
| Summary of the Proceedings . . . . .                             | 41 |
| <b>First Central Committee Meeting</b> (Monday, 5th September) . | 43 |
| Opening of the Exhibition . . . . .                              | 44 |
| <b>FIRST CONGRESS SITTING.</b> (Tuesday, 6th September.)         |    |
| Preliminary Business . . . . .                                   | 49 |
| President's Opening Address . . . . .                            | 52 |
| Report of the Central Committee, and Balance-Sheet . .           | 63 |
| Amendment of the Rules of the Alliance . . . . .                 | 68 |

### QUESTION I.—DISTRIBUTIVE CO-OPERATION IN RURAL DISTRICTS.

|   |     |
|---|-----|
| Opening Paper by Dr Hans Müller . . . . . | 71  |
| Resolution moved by Mr M'Innes . . . . .  | 86  |
| Dr Dömötör's Resolution . . . . .         | 87  |
| Discussion . . . . .                      | 88  |
| First Resolution adopted . . . . .        | 108 |

|   | PAGE |
|---|------|
| <b>SECOND CONGRESS SITTING.</b> (Wednesday, 7th September.)                   |      |
| Discussion on Dr Dömötör's Resolution continued - - -                         | 109  |
| Mr Wolff's Amendment adopted - - - - -  | 110  |
| <b>QUESTION II.—CO-OPERATION AND STATE AID.</b>                               |      |
| Opening Paper by Count de Rocquigny - - - - -                                 | 111  |
| Amended Resolution - - - - -  | 127  |
| Discussion - - - - -  | 127  |
| Amendment proposed by Dr Alberti - - - - -                                    | 127  |
| "          "          M. Chioussé - - - - -                                   | 139  |
| "          "          Count Aladár Zichy - - - - -                            | 145  |
| "          "          M. Casimir de Weydlich - - - - -                        | 145  |
| "          "          Dr Crüger - - - - -                                     | 150  |
| Resolution adopted to pass to the order of the day - - -                      | 160  |
| <b>Second Central Committee Meeting.</b> (Wednesday, 7th September) - - - - - | 160  |
| <b>The Banquet</b> - - - - -  | 161  |
| Speech by Count Tisza, Hungarian Prime Minister - - -                         | 162  |
| <b>THIRD CONGRESS SITTING.</b> (Thursday, 8th September.)                     |      |
| Election of the Central Committee - - - - -                                   | 164  |
| <b>QUESTION III.—CENTRAL CO-OPERATIVE CREDIT INSTITUTIONS.</b>                |      |
| Opening Paper by Mr H. W. Wolff - - - - -                                     | 171  |
| Discussion - - - - -  | 181  |
| Resolution adopted - - - - -  | 184  |
| Resolution proposed by M. Barré adopted - - - - -                             | 184  |
| <b>QUESTION IV.—BACKWARD CO-OPERATION.</b>                                    |      |
| Opening Paper by M. J. G. Duca - - - - -                                      | 184  |
| Discussion - - - - -  | 191  |
| Resolutions adopted - - - - -   | 191  |
| <b>CO-OPERATION AND PEACE.</b>  |      |
| Resolution adopted - - - - -  | 192  |
| Vice-President's Closing Speech - - - - -                                     | 192  |
| Votes of Thanks - - - - -   | 194  |
| President's Reply - - - - -   | 195  |
| <b>Third Central Committee Meeting.</b> (Thursday, 8th September.)            |      |
| Election of Officers for the new term - - - - -                               | 196  |
| <b>Co-operative Establishments visited during the Congress</b> - -            | 197  |
| <b>PRINCIPAL RESOLUTIONS ADOPTED BY THE CONGRESS</b> - - -                    | 200  |

**Congress Papers and Reports.****QUESTION I.—DISTRIBUTIVE CO-OPERATION IN RURAL DISTRICTS.**

|   |     |
|---|-----|
| Switzerland (Statistics), by Dr Hans Müller | 203 |
| Great Britain, by D. M'Innes                | 204 |
| Denmark, by Severin Jørgensen               | 215 |

**QUESTION II.—CO-OPERATION AND STATE AID.**

|   |     |
|---|-----|
| Hungary, by Count Joseph Mailáth                                | 221 |
| Ireland—(a.) By the Congested Districts Board                   | 221 |
| (b.) By the Department of Agriculture and Technical Instruction | 222 |
| France—(a.) Agricultural Co-operation, by Count de Roquigny     | 223 |
| (b.) Industrial Co-operation                                    | 225 |
| Austria—(a.) The Austrian Monarchy—                             |     |
| Agricultural Co-operation                                       | 229 |
| Industrial Co-operation   | 243 |
| (b.) Lower Austria  | 246 |
| (c.) Upper Austria  | 248 |
| (d.) Bohemia  | 250 |
| (e.) Bukowina   | 253 |
| (f.) Carinthia  | 254 |
| (g.) Carniola   | 255 |
| (h.) Galicia  | 256 |
| (i.) Istria   | 259 |
| (j.) Moravia  | 260 |
| (k.) Salzburg   | 262 |
| (l.) Silesia  | 263 |
| (m.) Styria   | 264 |
| (n.) The Tyrol  | 266 |
| (o.) Vorarlberg   | 267 |
| Germany—(a.) Prussia  | 268 |
| (b.) Bavaria  | 274 |
| (c.) Württemberg  | 277 |
| (d.) Saxony   | 280 |
| (e.) Baden  | 281 |
| (f.) Hesse  | 283 |
| (g.) Mecklenburg-Schwerin and Mecklenburg-Strelitz              | 284 |
| (h.) Saxe-Coburg  | 284 |
| (i.) Saxe-Gotha   | 284 |
| (j.) Saxe-Meiningen   | 285 |
| (k.) Saxe-Weimar  | 285 |
| (l.) Saxe-Altenburg, Reuss, Schwarzburg-Sondershausen           | 286 |
| (m.) Schwarzburg-Rudolstadt                                     | 286 |
| (n.) Alsace-Lorraine  | 286 |

|  | PAGE |
|--|------|
| Italy . . . . .                                    | 287  |
| Luxemburg . . . . .                                | 295  |
| Switzerland . . . . .                              | 309  |
| Belgium . . . . .                                  | 310  |
| Servia . . . . .                                   | 312  |
| The Netherlands, by G. J. D. C. Goedhart . . . . . | 312  |
| Denmark, by M. P. Blem . . . . .                   | 313  |
| Finland, by Dr Hannes Gebhard . . . . .            | 316  |
| Norway, by Isak Bjerknes . . . . .                 | 316  |
| Sweden, by G. H. von Koch . . . . .                | 317  |
| Iceland . . . . .                                  | 319  |

### QUESTION III.—CENTRAL CO-OPERATIVE CREDIT INSTITUTIONS.

|  |     |
|--|-----|
| The Central State Bank of Prussia, by Dr Heiligenstadt . . . . .   | 320 |
| The German Co-operative Societies' Bank, by F. Thorwart . . . . .  | 328 |
| The Central Banks of the Darmstadt Union, by Carl Heuzeroth . . . . .  | 345 |
| The Central Bank of Neuwied, by the <i>General-Verband ländlicher Genossenschaften für Deutschland</i> . . . . . | 362 |
| The Württemberg Agricultural Co-operative Central Bank . . . . .   | 376 |
| The Central Bank of Polish Co-operative Societies in Prussia, by Dr Kusztelan . . . . .                          | 377 |
| The <i>Genossenschaftscentralcashe</i> of Lower Austria . . . . .  | 382 |
| The <i>Genossenschaftscentralcashe</i> of Upper Austria . . . . .  | 384 |
| Regional Banks in France . . . . .   | 385 |
| Regional Banks and State Help in France, by L. Durand . . . . .  | 390 |
| The Central Credit Society of the Belgian "Boerenbond," by Dr E. Vliebergh . . . . .                             | 398 |

### QUESTION IV.—BACKWARD CO-OPERATION: ANSWERS TO

#### QUESTIONS PUT.

|  |     |
|--|-----|
| Hungary, by Mme. Kolosváry, S. Janovink, and E. Kirschaneck . . . . .    | 404 |
| Russia, by S. de Borodaéwsky and Dr Totomianz . . . . .                  | 410 |
| Finland, by Dr Hannes Gebhard and Vaino Tanner . . . . .                 | 413 |
| Polish Provinces, by Count Zamoyski . . . . .                            | 416 |
| Russian Poland, by the Agricultural Society of Radom . . . . .           | 419 |
| Galicia, by A. Zaremba-Cielecki, L. Terenkoczy, and Dr Grabsky . . . . . | 420 |
| Bohemia, by Dr C. Horáček and W. Neumann . . . . .                       | 425 |
| Norway, by O. Dehli . . . . .  | 429 |
| Roumania, by J. G. Duca . . . . .  | 431 |
| Greece, by C. Vournasos, G. Philaretos, and A. Theodorides . . . . .     | 433 |
| Iceland, by Thorhallur Bjarnarson . . . . .                              | 439 |

## SECOND PART.

## Reports on Co-operation in various Countries.

|  |     |
|--|-----|
| Hungary, by Count Joseph Mailáth . . . . .   | 443 |
| Great Britain, by J. C. Gray . . . . .   | 465 |
| Board of Trade Charts . . . . .  | 470 |
| France, by Professor Charles Gide . . . . .  | 472 |
| Germany—(a.) Statistics supplied by Dr Hans Crüger . . . . .                                   | 475 |
| (b.) Statistics supplied by H. Kaufmann . . . . .  | 478 |
| (c.) Polish Co-operative Societies in Posen and<br>Western Prussia, by Dr Kuasztelan . . . . . | 478 |
| Austria—(a.) The Austrian Monarchy, by Carl Wrabetz . . . . .                                  | 485 |
| (b.) Bohemia, Moravia, and Silesia, by Joseph Schreyer . . . . .                               | 487 |
| (c.) Slovenian Co-operative Societies in Austria . . . . .                                     | 493 |
| (d.) Galicia, by Casimir de Weydlich . . . . .   | 493 |
| (e.) Co-operative Societies in Galicia . . . . .   | 495 |
| (f.) Agricultural Co-operation, by Dr Paul Baron von<br>Störck . . . . .                       | 495 |
| Italy . . . . .  | 503 |
| Switzerland, by Dr Hans Müller . . . . .   | 508 |
| Belgium, by A. Micha . . . . .   | 512 |
| The Netherlands, by G. J. D. C. Goedhart . . . . .   | 514 |
| Denmark, by M. P. Blem . . . . .   | 518 |
| Sweden, by G. H. von Koch . . . . .  | 522 |
| Norway, by Isak Bjerknes . . . . .   | 523 |
| Iceland, by Thorhallur Bjarnarson . . . . .  | 526 |
| Russia—(a.) General Statistics, by Col. Gerebiatieff . . . . .                                 | 529 |
| (b.) Russian Poland, by Casimir de Weydlich . . . . .  | 533 |
| (c.) The Railway Employees' Co-operative Society of<br>Perm, by M. Schymaref . . . . .         | 537 |
| Finland, by Dr Hannes Gebhard . . . . .  | 538 |
| Servia, by M. Avramovitch . . . . .  | 542 |
| Roumania, by J. G. Duca . . . . .  | 544 |
| Bulgaria, by Assen Ivanoff, C. J. Kirtcheff, and Dr Braneocoff . . . . .                       | 546 |
| Spain, by J. Salas Anton . . . . .   | 549 |
| Portugal, by Costa Goodolphim . . . . .  | 550 |
| The United States—(a.) By N. O. Nelson . . . . .   | 555 |
| (b.) By J. M. C. Hampson . . . . .   | 557 |
| India—(a.) General Co-operation, by Ambika Charan Ukil . . . . .                               | 563 |
| (b.) Co-operative Credit, by H. E. L. P. Dupernex . . . . .                                    | 565 |
| South Africa . . . . .   | 569 |
| Japan . . . . .  | 571 |
| Java, by G. J. D. C. Goedhart . . . . .  | 574 |

**THIRD PART.****Women's Co-operative Guilds.**

|   |     |
|---|-----|
| The English Women's Co-operative Guild, by Miss Llewelyn Davies . . . . .               | 577 |
| The Women's Co-operative League of France, by Mme. Guébin                               | 581 |
| The Dutch Women's League for Co-operative Propaganda, by Mme. A. Treub-Cornaz . . . . . | 584 |

**FOURTH PART.****Reports upon Instruction given on Co-operative Principles and Practice in various Countries.**

|   |     |
|---|-----|
| Great Britain, by J. C. Gray . . . . .                          | 593 |
| Denmark, by Svend Högsbro . . . . .                             | 595 |
| Germany—(a.) Instruction at Universities and Colleges . . . . . | 599 |
| (b.) Imperial Union of German Agricultural Societies            | 600 |
| (c.) Württemberg . . . . .                                      | 602 |
| Austria—(a.) Agricultural Co-operation . . . . .                | 603 |
| (b.) Industrial Co-operation . . . . .                          | 603 |
| Switzerland . . . . .   | 604 |
| Finland, by Dr Hannes Gebhard . . . . .                         | 605 |
| INDEX OF SPEAKERS . . . . .                                     | 608 |

**PRELIMINARY.**

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**THE INTERNATIONAL CO-OPERATIVE ALLIANCE.**

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**Members and Rules of the Congress.**





# THE INTERNATIONAL CO-OPERATIVE ALLIANCE.

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*Chairman:* HENRY W. WOLFF.

*Treasurer:* D. M'INNES.

*Hon. Secretary:* J. C. GRAY.

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| GERMANY        | - | - | Crüger, Havenstein, Alberti, Kaufmann, Lorenz.                                 |
| HOLLAND        | - | - | A. E. Elias, G. J. D. C. Goedhart.   |
| HUNGARY        | - | - | Count Alexander Károlyi.   |
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| RUSSIA         | - | - | Colonel Gerebiatjeff.  |
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| SPAIN          | - | - | J. Salas Anton.  |
| SWEDEN         | - | - | G. H. von Koch.  |
| SWITZERLAND    | - | - | Dr Hans Müller, Prof. Schür.   |
| UNITED KINGDOM | - | - | Henry W. Wolff, J. C. Gray, W. Maxwell, D. M'Innes, H. Vivian.*                |
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| D. F. Schloss.    | N. O. Nelson.         | Buffoli.       |
| Henry W. Wolff.   | Laroche-Joubert.      | J. F. Shür.    |

---

\* These five members form the Executive Committee.

# LIST OF MEMBERS

## OF THE

### INTERNATIONAL CO-OPERATIVE ALLIANCE

#### At the Close of the Congress.

*Those marked with an asterisk were elected since July 1902.*

#### AUSTRALIA.

Plummer, John.

#### AUSTRIA.

Cilli.—Zveza slovenskih posojilnic v Celju.

\*Czernowitz.—Verband ruthenischer landwirthschaftlicher Genossenschaften.

Leibach.—Zadružno zveza v Ljubljani.

\*Lemberg.—Zwiazek stowarzyszen zarobkowych i gospodarczych.

„ Powszeczny zwiazek na własnej pomocy opartych galicyjskich stowarzyszen zarobkowych i gospodarczych.

Prague.—Jednota zalozen v Cechach, na Morave a ve Slezsku.

Vienna.—Allgemeiner Verband der auf Selbsthilfe beruhenden deutschen Erwerbs- und Wirthschaftsgenossenschaften.

\* „ Verband der Arbeiter Erwerbs- und Wirthschaftsgenossenschaften.

\* „ Erster Wiener Beamtenverein.

#### BELGIUM.

Brussels.—Fédération des Sociétés coopératives du Parti Ouvrier belge.

„ Maison du Peuple.

„ L'Union Économique.

Ellezelles.—Union des Tisserands d'Ellezelles.

Ghent.—Vooruit.

\* „ Banque populaire gantoise.

Grandheez.—Campagnards Socialistes de Grandheez.

Jolimont.—Le Progrès.

\*Liège.—Banque populaire.

„ Fédération des Banques populaires belges.

Tournai.—La Prévoyante.

Waremmé.—La Justice.

Zelee.—Coopérative de Zon de Zele.

#### BULGARIA.

\*Sofia.—Société coopérative de consommation "Bratski Trond."

\* „ M. Assen Ivanoff.

#### CAPE COLONY.

\*Simon's Town.—Co-operative Society.

\*Salt River.—Co-operative Society.

## DENMARK.

- \* Aarhus.—Jydsk andels-foderstofförretning.
- Copenhagen.—Andelsudvalget.
- „ Dansk andels Aegexport.
- „ Fællesforeningen for Danmarks Brugsforeninger.
- „ Samvirkende danske Andelsmejerier.
- „ Samvirkende danske Andelslagterier.

## FRANCE.

- \* Albi.—La Verrerie coopérative.
- Amiens.—L'Union.
- Angesac.—Syndicat agricole et viticole.
- Amièrès.—Société coopérative La Solidarité.
- Belval.—Syndicat agricole de la Manche.
- \* Bordeaux.—Syndicat des Vignerons de la Gironde et du Sud-Ouest.
- Clichy.—Société coopérative l'Economie sociale.
- Cherbourg.—Société coopérative La Fraternelle.
- Cognac.—Société coopérative de Vignerons et agriculteurs.
- Digne.—Société coopérative l'Economie.
- Grenoble.—Fédération des Sociétés coopératives de consommation des employés des chemins de fer P.-L.-M.
- „ Société coopérative de consommation des employés des chemins de fer P.-L.-M.
- Guise.—Société coopérative le Familistère de Guise.
- Limoges.—Société coopérative l'Union.
- Lyons.—Société coopérative agricole du Sud-Est.
- „ Société Coopérative les Viticulteurs du Beaujolais et du Sud-Est.
- \* Maraussan.—Les Vignerons Libres.
- Marseille.—Centre fédératif du Crédit populaire en France.
- Mentone.—Société coopérative la Banque Populaire.
- Montpellier.—Société coopérative les Equitables vignerons du Bas-Languedoc.
- Nantes.—Société coopérative l'Economie.
- Nîmes.—Société coopérative l'Abeille nîmoise et Solidarité.
- Paris.—Association coopérative d'ouvriers tailleurs de glaces.
- „ Banque coopérative des Associations ouvrières de production.
- „ Bourse nationale des Sociétés coopératives socialistes.
- „ Chambre consultative des Associations ouvrières de production.
- „ Union coopérative des Sociétés françaises de consommation.
- „ Société des Agriculteurs de France.
- „ Fédération coopérative de la région parisienne.
- „ Société coopérative l'Imprimerie Nouvelle.
- „ „ la Lithographie Parisienne.
- „ „ la Participation.
- „ „ Redouly, Valmé et Ce. (ancienne maison Leclaire).
- „ „ „ le Travail.”
- „ „ l'Utilité sociale.
- „ „ de consommation du XVIIIe. arrondissement.
- „ „ l'Avenir de Plaisance.
- „ „ la Bellevilloise.
- „ „ la Prévoyante.
- „ „ la Coopération Socialiste.
- „ „ la Famille Nouvelle.
- „ „ „ La Famille.”
- Puteaux.—Société coopérative la Revendication.
- Ravières.—Société coopérative l'Espérance coopérative.
- Roubaix.—Société coopérative l'Union.
- Saintes.—Société coopérative, annexe du Syndicat des viticulteurs des Charentes.

## FRANCE—continued.

- Sceaux.—Société coopérative le Progrès social.  
 Sens.—Société coopérative l'Economie.  
 Saint-Rémy-sur-Avre.—Société coopérative la Philanthropique.  
 Sotteville.—Fédération des Sociétés coopératives de consommation de la région du Nord-Ouest.  
 Suresnes.—Société coopérative l'Abeille suresnoise.  
 \*Thomery.—Syndicat des Viticulteurs de Thomery.

## GERMANY.

- Allgemeiner Verband der auf Selbsthilfe beruhenden deutschen Erwerbs- und Wirthschaftsgenossenschaften.  
 Verband der Erwerbs- und Wirthschaftsgenossenschaften Schlesiens.  
 Verband der Erwerbs- und Wirthschaftsgenossenschaften am Mittelrhein.  
 Verband der Norddeutschen Erwerbs- und Wirthschaftsgenossenschaften.  
 Verband der Konsumvereine der Provinz Brandenburg.  
 Verband Thüringer Konsumvereine.  
 Verband Süddeutscher Konsumvereine.  
 Verband rheinpreussischer landwirthschaftlicher Genossenschaften.  
 Verband Ost- und Westpreussischer Genossenschaften.  
 Verband der Konsumvereine der Provinz Sachsen.  
 \*Verband nordwestdeutscher Konsumvereine.  
 \*Verband sächsischer Konsumvereine.  
 \*Verband mitteldeutscher Konsumvereine.  
 \*Verband der Konsum- und Productivgenossenschaften in Rheinland und Westfalen.  
 \*Zentralverband deutscher Konsumvereine.  
 \*Barmen.—Konsumverein "Vorwärts."  
 Berlin.—Kreditverein der Friedrichstadt.  
 Brandenburg.—Bankverein.  
 " Konsumverein.  
 \*Braunschweig.—Konsumverein.  
 \*Bremerhaven.—Konsumverein.  
 Breslau.—Vorschussverein.  
 Bockenheim.—Volksbank.  
 Chemnitz.—Spar- und Kreditverein.  
 Coblenz.—Volksbank.  
 Cosel.—Vorschussverein.  
 \*Frankfurt a. M.—Konsumverein.  
 Gera.—Gewerbebank.  
 Gumbinnen.—Vorschussverein.  
 \*Halle a. S.—Konsumverein.  
 \*Hamburg.—Konsum- Bau- u. Sparverein "Production."  
 " Grosseinkaufs-Gesellschaft.  
 " Tabakarbeiter-Genossenschaft.  
 \*Hannover.—Konsumverein.  
 \*Hohenmölsen.—Konsumverein.  
 Insterburg.—Vorschussverein.  
 \*Jena.—Konsumverein.  
 \*Meerane.—Konsumverein "Haushalt."  
 Metz.—Syndicat Vinicole du Pays Messin.  
 " Crédit Coopératif de Lorraine.  
 Neustadt a. H.—Volksbank.  
 \*Niedersedlitz.—Konsumverein.  
 \*Pieschen.—Konsumverein.  
 \*Posen.—Bank Związku Spółek Zarobkowych.  
 Rixdorf.—Vorschussverein.  
 Speyer.—Volksbank.  
 Wiesbaden.—Vorschussverein.

## GREECE.

\*Professor T. Vesanis.

\*Professor C. Chr. Vournasos.

## HUNGARY.

\*Arad.—Aradvármegyei gazdasági egyesület fogyasztási és értékesítő szövetkezete.

\*Budapest.—Budapesti központi Tejcarnok szövetkezet.

\* „ Budapesti Kölcsönös segélyző egyeslet.

\* „ Magyar kölcsönös állatbiztosító Társaság.

\* „ Magyar köztisztviselők fogyasztási szövetkezete.

\* „ Magyar mezőgazdák szövetkezete.

\* „ Magyar földhitelintézet.

\* „ Keresztény szövetkezetek központja.

\* „ Országos Központi hitelszövetkezet.

\* „ Fővárosi takarékpénztár, mint szövetkezet.

\* „ „Hangya,” a magyar gazdaszövetség fogyasztási és értékesítő szövetkezete.

\* „ Államvasutak alkalmazottai fogyasztási szövetkezete.

\* „ Önállóan működő hitelszövetkezetek országos köteleke.

\* „ Gazdák biztosító szövetkezete.

\* „ Magyar gazdák vásárcsarnok ellátó szövetkezete.

\* „ Kisbirtokosok országos földhitelintézte.

\* „ Budapesti ötödik kerületi takarékpénztár mint szövetkezet.

\* „ Országos korona takarékpénztár mint szövetkezet.

\*Buttka.—Buttkai fogyasztási szövetkezet.

\*Debreczen.—Tiszavidéki hitelszövetkezetek köteleke.

\*Eperjes.—Sárosvármegyei gazdák fogyasztási és értékesítő szövetkezete.

\*Hermannstadt.—Verband Raiffeisenscher Genossenschaften.

\*Kassa.—Kassai fogyasztási szövetkezet.

\*Kaposvár.—Somogyvármegyei hitelszövetkezetek szövetsége.

\*Krasznabéltelek.—Krasznabéltelki hitelszövetkezet.

\*Marosvásárhely.—Marosvásárhelyi ipari hitelszövetkezet.

\*Pacsa.—Pacsaai fogyasztási és értékesítő szövetkezet.

\*Sátoraljaújhely.—Felső-Tiszai vármegyék hitelszövetkezeteinek szövetsége.

\*Vác.—Váci ipari és gazdasági hitelszövetkezet.

\*Zagreb.—I. Hrvatska udruga zastolarske i dekorativne proizvode.

\* „ Verband serbischer landwirthschaftlicher Genossenschaften in Oesterreich-Ungarn.

## INDIA.

\*Calcutta.—Co-operative Union of India.

## ITALY.

Milan.—Unione Cooperativa.

„ Lega Nazionale delle Cooperative italiane.

Piacenza.—Federazione italiana dei consorzi agrari.

\*Rome.—Associazione fra le Banche Popolari.

\*Turin.—Sindacato Agricolo.

## NETHERLANDS.

Akkum.—Coöperatieve Stoomzuivelfabriek.

Akmarijp.—Coöperatieve Stoomzuivelfabriek.

Amsterdam.—Volksbroodbakkerij en Verbruikvereiniging Vooruit.

„ District Amsterdam Vereeniging Eigenhulp.

„ Maatschappij voor Kledermakers en Naaisters de Voorpost.

Arnhem.—Coöperatieve Winkelvereiniging van Eigenhulp.

## NETHERLANDS—continued.

- Eelde.—Coöperatieve Zuivelfabriek.  
 Enschede.—Coöperatieve Melkinrichting en Zuivelfabriek.  
 Giekerk.—Coöperatieve Zuivelfabriek en Trynwalden.  
 Groningen.—Coop. Landbouwvereniging.  
 Grouw.—Coop. Zuivelfabriek.  
 Haarlem.—District Haarlem Vereniging Eigenhulp.  
 Hof van Delft.—Gemeenschappelijke Eigendom Agneta Park.  
 „ Van Marken's Drukkerij Agneta Park.  
 Leeuwarden.—Coop. Handelsdrukkerij.  
 „ Maatschappelijk tot expl. v. d. Kruidenierswinkel.  
 Nijmegen.—Coop. Winkelvereniging van Eigenhulp.  
 Nunspeet.—Maatschappij de Veluwe.  
 Roermond.—Zuid-Nederlandsche Zuivelbond.  
 Noordahuizum.—Coop. Zuivelfabriek de Eendracht.  
 Rotterdam.—Rotterdamsche Coop. Verbruiksvereniging.  
 \*Sas van Gent.—Eerste Nederlandsche Beetwortelzuikerfabriek.  
 The Hague.—Nederlandsche Coop. Bond.  
 „ Vereniging Eigenhulp.  
 „ Coop. Winkelvereniging Eigenhulp.  
 „ Coop. Broodbakkerij en Verbruiksvereniging de Volharding.  
 „ Coop. Vleeschhouwerij Eigenhulp.  
 „ District 's Gravenhage Vereniging Eigenhulp.  
 „ Coop. Afdeeling Kleedingen uitrusting van Eigenhulp.  
 „ Coop. Vereniging Aardappelen en brandstoffenvereniging van Eigenhulp.  
 Utrecht.—District Utrecht van Eigenhulp.  
 „ Utrechtsche Coop. Verbruiksvereniging van Eigenhulp.  
 Venlo.—Coop. Winkelvereniging.  
 Vlissingen.—Coop. Winkelvereniging Eigenhulp.  
 Vorden.—Coop. Zuivelfabriek.  
 Weidum.—Bond van Coop. Zuivelfabrieken in Friesland.  
 Zutphen.—Geldersch-Overijselsche Zuivelbond.

## ROUMANIA.

- \*Bucharest.—Caisse Centrale des Banques Populaires roumaines.

## RUSSIA.

- Helsingfors.—Pellervo.  
 Kamenetz.—Syndicat agricole de Podolie.  
 \*Moscow.—Union of the Co-operative Societies of the Moscow district.  
 \*St Petersburg.—Comité Central russe de coopération.  
 \*Warsaw.—Société pour l'encouragement de l'industrie et du commerce.  
 Gérébiatjeff, Colonel; Reitlinger, N. A.; \*Borodaéwsky, Serge de.

## SERVIA.

- Belgrade.—Union Générale des Sociétés coopératives agricoles serbes.

## SPAIN.

- Barcelona.—Camara regional de las Sociedades cooperativas de Cataluña.

## SWEDEN.

- Stockholm.—Köoperativa Förbundet.

## SWITZERLAND.

- Basel.—Verband Schweizer. Konsumvereine.  
 „ Schweizer. Genossenschaftsbund.

## UNITED KINGDOM.

## The Co-operative Societies of—

- Aberdare.**  
**Accrington and Church.**  
**Airedale Worsted Manufacturing.**  
**Alcester.**  
     " **Needlemakers.**  
**Amalgamated Union of Co-operative Employees (Manchester).**  
**Amble.**  
**Ashington Industrial.**  
**Ashton-under-Lyne.**  
**Bamfurlong.**  
**Banbury.**  
**\*Barrow-in-Furness.**  
**\*Barwell and District.**  
**Basford Wickerworkers.**  
**\*Basingstoke.**  
**Batley.**  
**\*Bedford Leather Manufacturers.**  
**Bedlington.**  
**Bedminster.**  
**Berkhamstead.**  
**Bingley.**  
**\*Birkenhead.**  
**Birkenshaw.**  
**Birmingham Industrial.**  
**Birtley.**  
**Bishop Auckland.**  
**Blackburn—Daisyfield.**  
     " **Grimshaw Park.**  
**\*Blackpool.**  
**Blaenavon.**  
**Blaina.**  
**Blaydon-on-Tyne.**  
**Bolton.**  
**\*Bolton Branch of Women's Co-operative Guild.**  
**\*Bonnybridge.**  
**Boston.**  
**Bradford Cabinetmakers.**  
     " **City of.**  
**Bridge End (Todmorden).**  
**\*Brighouse.**  
**Brightside and Carbrook.**  
**Brighton.**  
**Bristol and District.**  
**Burnley Self-Help Manufacturing.**  
**Burslem.**  
**\*Bury.**  
**\*Bury Branch of Women's Co-operative Guild.**  
**Carlisle.**  
**Carnforth.**  
**Cefn and District.**  
**Central Committee of Women's Co-operative Guild.**  
**\*Chelmsford Star.**  
**\*Cinderhill.**  
**Clayton-le-Moors.**
- Cleator Moor.**  
**Clown.**  
**Colchester and East Essex.**  
**Compstall.**  
**Co-op. Insurance (Manchester).**  
     " **Newspaper**       "  
     " **Printing**       "  
     " **Productive Federation**  
         **(Leicester).**  
     " **Sundries Manufacturing**  
         **(Droylsden).**  
     " **Union (Manchester).**  
     " **Wholesale Society.**  
**Coventry Perseverance.**  
**Cramlington.**  
**Crewe Friendly.**  
**\*Cwmbach.**  
**\*Cwmbwrla.**  
**Cwmtylery.**  
**Darlington.**  
**Darwen Industrial.**  
**Delph Industrial.**  
**Derby.**  
**Desborough.**  
     " **Boot and Shoe.**  
     " **Corset Manufacturers.**  
**\*Dewsbury.**  
**Doncaster.**  
**Droylsden.**  
**Dudley Bucket and Fender.**  
**Durham.**  
**Eccles Manufacturing.**  
     " **Provident.**  
**Ecclesall.**  
**Egremont.**  
**Ellesmere Port.**  
**Epsom.**  
**Exeter.**  
**\*Failsworth.**  
     " **Branch of Women's**  
         **Co-operative Guild.**  
**Farnworth and Kearsley.**  
**Finedon Boot and Shoe.**  
**Fleetwood.**  
**Gainsborough.**  
**Gateshead.**  
**Glossop Dale.**  
**Grantham.**  
**Grays.**  
**\*Great Grimsby.**  
**Great Horton.**  
**\*Great Wigston.**  
**Greenfield.**  
**\*Guildford.**  
**Halifax Flour.**  
     " **Industrial.**  
**Halstead.**  
**\*Hartlepool.**



UNITED KINGDOM—*continued.*

- Haslingden Industrial.  
 Hebden Bridge Fustian Manu-  
 facturing.  
 Heckmondwike.  
 Heywood.  
 Horbury.  
 Horwich.  
 \*Howick.  
 Hucknall Torkard.  
 Huddersfield.  
 Hyde.  
 Ilkeston.  
 Irish Agricultural Organisation  
 (Dublin).  
 Jarrow and Hebburn.  
 Keighley Industrial.  
 " Ironworks.  
 Kettering Boot and Shoe.  
 " Clothing.  
 " Corset.  
 " Industrial.  
 " " Union " Boot and  
 Shoe.  
 Kidderminster.  
 Kingston-upon-Hull.  
 \*Kirkby-in-Ashfield.  
 Lancaster and Skerton.  
 Langley Mill and Aldercar.  
 Leeds.  
 \*Leek Silk Twist Manufacturing.  
 Leicester " Anchor " Boot and  
 Shoe.  
 " Boot and Shoe.  
 " Hosiery.  
 " Industrial.  
 " Printing.  
 Leigh Friendly.  
 \*Levenshulme Branch of Women's  
 Co-operative Guild.  
 Lincoln Equitable.  
 " Land and Building.  
 Littleborough.  
 Liverpool, City of.  
 London—Agricultural and Horti-  
 cultural Association.  
 " Agricultural Organisa-  
 tion Society.  
 " Canteen and Mess.  
 " Co-op. Brotherhood  
 Trust.  
 \* " Co-op. Typewriters.  
 \* " Co-op. Permanent  
 Building.  
 " Co-op. Institute.  
 " General Builders.  
 " Labour Association.  
 " National Co-op. Festival.  
 " Working Men's Club.  
 Londonderry.  
 Longtown.  
 Macclesfield.  
 " Silk Manufacturing.  
 Manchester and Salford Equitable.  
 " Branch of Women's  
 Co-operative Guild.  
 Maryport.  
 Masborough Branch of Women's  
 Co-operative Guild.  
 Meltham Industrial.  
 \*Middleton and Tonge.  
 Mold Junction.  
 Morley.  
 Mossley.  
 Moulton.  
 Nantwich Boot and Shoe.  
 Newcastle-on-Tyne.  
 Netherfield.  
 \*Newbiggin.  
 New Mills.  
 Newport (Mon.).  
 Newtown.  
 North Shields.  
 \*North-Western Educational  
 Committee Association.  
 Nuneaton.  
 \*Oldham Branch of Women's Co-  
 operative Guild.  
 " Equitable.  
 " Industrial.  
 " Star Corn Millers.  
 Oxford.  
 \* " Co-operative Builders.  
 Pegswood.  
 Pendleton.  
 Peterborough.  
 Portsea Island.  
 Preston.  
 Prestwich.  
 Queensbury.  
 Radcliffe and Pilkington.  
 Rawtenstall Industrial.  
 Reigate.  
 Rhodes.  
 Ripley.  
 River and District.  
 Rochdale Equitable Pioneers.  
 Rochester and District.  
 Roe Green, Worsley.  
 Rothwell Boot and Shoe.  
 Runcorn.  
 \*Rushden.  
 Ryhope and Silksworth.  
 Selby.  
 \*Selston Industrial.  
 Silverdale.  
 Sheffield Cutlery.  
 Skelmersdale.  
 South Shields.

UNITED KINGDOM—*continued.*

- \*Spalding.
- Sperope Boot and Shoe (Barwell).
- Sowerby Bridge Flour.
- Stanton Hill.
- \*Stapleford and Sandiacre.
- Station Town.
- St Mary Cray.
- Stockport.
- Stratford.
- Sunderland.
- Tamworth.
- Ten Acres and Storchley.
- Thomson, Wm., & Sons.
- Todmorden Industrial.
- Ton Industrial.
- Torquay.
- Tow Law.
- Toxteth (Liverpool).
- \*Tyldesley.
- Uppermill.
- Walkden.
- Walker-on-Tyne.
- \*Walsall.
- "    Padlock.
- "    Warrington.
- \*Wellingboro' Ideal Clothiers
- West Wylam and Prudhoe.
- Whitby.
- Willington Quay and Howdon.
- Windhill.
- Windy Nook.
- Winnington.
- Woodale.
- Woolwich, Royal Arsenal.
- Worcester New Industrial.
- Workington Bee-Hive.
- "    Industrial.
- Worksop.
- Wrexham.
- Ynysybwl.
- York.

## SCOTLAND.

- Bainsford and Grahamstown.
- Barrhead.
- \*Blantyre.
- Camelon.
- \*Carrick.
- Clydebank.
- Coatbridge.
- Cowlairs.
- Dalziel.
- \*Denny and Dunipace.
- Dunfermline.
- Edinburgh—St Cuthbert's.
- Glasgow—Drapery and Furnishing.
- "    Eastern (Educ. Com.).
- "    Kinning Park.
- "    St George.
- "    St Rollox.
- "    Scottish Co-op. Whole-
- sale Society.
- Glasgow—*Scottish Co-operator*
- Newspaper.*
- "    United Baking.
- Grahamstown and Bainsford.
- Hawick.
- Kilbarchan.
- Kilmarnock Equitable.
- Larbert.
- Lochgelly.
- Musselburgh and Fisherrow.
- Paisley Equitable.
- "    Manufacturing.
- "    Provident.
- "    Underwood Coal.
- Perth, City of.
- Stenhousemuir Equitable.
- Vale of Leven (Alexandria).

## UNITED STATES.

- Astoria.—Union Fishermen's Co-operative Packing Co.
- Boston.—Co-workers' Fraternity Co.
- \*Chicago.—First National Co-operative Society.
- Kansas.—Co-operative Union of Kansas.
- Kansas City.—Western Co-operative Association.
- \*Leclaire.—Co-operative Society.
- Oakland.—Pacific Coast Co-operative Union.
- San Francisco.—Rochdale Wholesale Co.
- Messrs Nelson, N. O. ; Rhodes, J. ; \*Smith, John.

## WEST INDIES.

- Barbadoes Profit-sharing Society Ltd.
- Bridgetown.—People's Profit-sharing Bank.
- Minor Industries Profit-sharing Association Ltd.
- \*Kingston.—Jamaica Industrial Co-operative Society.

## MEMBERS OF THE ALLIANCE

### Grouped according to Countries.

| COUNTRIES.      | 1902.             |                     |        | 1904.             |                     |        | Total Increase or Decrease in Membership. |
|-----------------|-------------------|---------------------|--------|-------------------|---------------------|--------|---|
|                 | No. of Societies. | No. of Individuals. | Total. | No. of Societies. | No. of Individuals. | Total. |   |
| Australia -     | 0                 | 1                   | 1      | 0                 | 1                   | 1      | ...                                       |
| Austria -       | 3                 | 1                   | 4      | 9                 | 0*                  | 9      | + 5                                       |
| Belgium -       | 11                | 1                   | 12     | 13                | 0                   | 13     | + 1                                       |
| Bulgaria -      | 0                 | 0                   | 0      | 1                 | 1                   | 2      | + 2                                       |
| Cape Colony -   | 0                 | 0                   | 0      | 2                 | 0                   | 2      | + 2                                       |
| Denmark -       | 1                 | 0                   | 1      | 6                 | 0                   | 6      | + 5                                       |
| France -        | 45                | 19                  | 64     | 52                | 0                   | 52     | - 12                                      |
| Germany -       | 28                | 5                   | 33     | 47                | 0                   | 47     | + 14                                      |
| Greece -        | 0                 | 0                   | 0      | 0                 | 2                   | 2      | + 2                                       |
| Holland -       | 36                | 33                  | 69     | 36                | 0†                  | 36     | - 33                                      |
| Hungary -       | 0                 | 2                   | 2      | 31                | 0                   | 31     | + 29                                      |
| India -         | 0                 | 1                   | 1      | 1                 | 0                   | 1      | ...                                       |
| Italy -         | 3                 | 0                   | 3      | 5                 | 0                   | 5      | + 2                                       |
| Roumania -      | 0                 | 0                   | 0      | 1                 | 0                   | 1      | + 1                                       |
| Russia -        | 2                 | 2                   | 4      | 5                 | 3                   | 8      | + 4                                       |
| Servia -        | 1                 | 0                   | 1      | 1                 | 0                   | 1      | ...                                       |
| Spain -         | 1                 | 3                   | 4      | 1                 | 0                   | 1      | - 3                                       |
| Sweden -        | 2                 | 2                   | 4      | 1                 | 0                   | 1      | - 3                                       |
| Switzerland -   | 2                 | 0                   | 2      | 2                 | 0                   | 2      | ...                                       |
| United Kingdom  | 246               | 47                  | 293    | 291               | 0‡                  | 291    | - 2                                       |
| United States - | 6                 | 4                   | 10     | 8                 | 3                   | 11     | + 1                                       |
| West Indies -   | 3                 | 0                   | 3      | 4                 | 0                   | 4      | + 1                                       |
| Total -         | 390               | 121                 | 511    | 517               | 10                  | 527    | + 16                                      |

\* 1 Donor.

† 6 Donors.

‡ 11 Donors.

## NATIONAL SECTIONS.

NATIONAL Sections have been formed in Belgium, Denmark, France, the Netherlands, Switzerland, and the United Kingdom.

## SUMMARY OF SUBSCRIPTIONS AND DONATIONS, 1903-1904.

|                     | 1901-1902.      | 1902-1903.       | 1903-1904.       |
|---------------------|-----------------|------------------|------------------|
|                     | £ s. d.         | £ s. d.          | £ s. d.          |
| Australia - - - -   | 1 0 0           | ...              | ...              |
| Austria - - - -     | 1 0 0           | 6 6 9*           | 2 18 7           |
| „ (Donation) - -    | ...             | 0 9 8            | 0 9 8            |
| Belgium - - - -     | 5 16 1*         | 2 9 4            | 8 13 8*          |
| Cape Colony - - -   | ...             | ...              | 0 10 6           |
| Denmark - - - -     | 3 5 11          | 3 5 11           | 3 5 11           |
| France - - - -      | 39 0 8*         | 25 13 10†        | 19 1 4           |
| „ (Donation) - -    | ...             | 0 4 11           | ...              |
| Germany - - - -     | 17 14 9         | 20 0 3           | 42 17 10†        |
| Holland - - - -     | 26 13 1         | 24 2 7           | 18 5 8           |
| „ (Donations) - -   | ...             | ...              | 1 10 0           |
| Hungary - - - -     | ...             | 0 16 3           | 7 4 6            |
| India - - - -       | 1 0 0           | ...              | 1 0 0            |
| Italy - - - -       | ...             | 2 19 10†         | 2 11 10†         |
| Roumania - - - -    | ...             | ...              | 0 9 11           |
| Russia - - - -      | 0 15 0          | 1 10 0           | 5 0 7            |
| Servia - - - -      | 1 11 3*         | 1 0 0            | 1 0 0            |
| Spain - - - -       | 1 0 0           | 0 10 0           | 1 0 0*           |
| Sweden - - - -      | 1 13 1          | 1 4 11           | 1 12 11          |
| Switzerland - - -   | ...             | 13 19 2*         | 11 17 6          |
| United Kingdom - -  | 241 12 0        | 220 3 6          | 193 19 0         |
| „ (Donations) - -   | 52 0 0          | 31 6 0           | 20 15 6          |
| United States - - - | 6 5 0           | 3 15 0           | 5 0 0            |
| West Indies - - -   | ...             | ...              | 0 10 0           |
|                     | <u>400 6 10</u> | <u>359 17 11</u> | <u>349 14 11</u> |

\* For two years

† Partly for two years.

# RULES

OF THE

## International Co-operative Alliance,

*As amended at the Budapest Congress of 1904.*

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### 1. OBJECTS OF THE INTERNATIONAL CO-OPERATIVE ALLIANCE.

CLAUSE 1.—The objects of the International Co-operative Alliance are:—

- (1.) To make the co-operators of all countries acquainted with one another.
- (2.) To study in common, with a view to improving the condition of the working classes, and to extend among the co-operative societies of every kind, among different nations and in the public opinion of all the world, the true principles and the best methods (*a*) of co-operation in every form, organised without the interposition of the State; (*b*) of profit-sharing; (*c*) of an association of labour with capital; (*d*) of the remuneration of workmen and other employees, all this while taking for its basis the deliberations of the first Congress of the Alliance, held in London in the days from 19th to 23rd August 1895, but without presuming to impose upon any one, as a condition of admission to the Alliance, the acceptance of any uniform type of Rules, of systems, or of regulations.
- (3.) To hasten, by all means of propaganda at its disposal—the sharing of profits with the employees being equally admissible in all forms of co-operation—the moment when all societies bearing the name of “co-operative,” whether productive, in agriculture or industry, distributive, or devoted to credit or to house-building, will have organised, for the benefit of labour, a

system of profit-sharing extended to their entire staff, without exception, and will have laid down in their Rules the duty of practising such profit-sharing.

- (4.) To establish, in the common interest, commercial relations among the co-operators of the several countries.

**CLAUSE 2.**—The Alliance concerns itself with neither politics nor religion.

Co-operation is neutral ground, on which people holding the most various opinions and professing the most different creeds may meet and act in common. In order that such neutrality, on which the unity of the co-operative movement depends, may be maintained, every individual and every society joining the Alliance accepts the principle that co-operation is sufficient for itself, and should not be turned into an instrument for the benefit of any particular party.

## 2. MEMBERSHIP IN THE INTERNATIONAL CO-OPERATIVE ALLIANCE.

**CLAUSE 3.**—The International Co-operative Alliance shall be a Union composed, so far as is possible, of co-operative societies and organisations. In respect of countries in which co-operation is, in the opinion of the Bureau Directeur, still so insufficiently organised as to warrant such course, it shall be within the power of the Central Committee, or of the Bureau Directeur acting on its behalf, to elect individuals as members of the International Co-operative Alliance. Such individuals shall have the same rights as members delegated by societies, except that they shall not be entitled to vote singly at Congresses. It shall, however, be within their power to appoint one representative, to exercise the right of voting, for every ten or an excess fraction of ten members.

**CLAUSE 4.**—The election of new members of the International Co-operative Alliance shall be by the Congress or the Central Committee, when in session, and at other times by the Bureau Directeur, after taking the opinion of all members of the Central Committee at their usual addresses. No election by the Bureau Directeur shall be valid which does not allow four weeks from the posting of the notice of an application made to the members of the Central Committee for reply. Any objection raised against a proposed election shall be at once communicated to all members of the

Central Committee, and their vote shall be taken upon the application, four weeks being once more allowed from the posting of the notice for the sending in of their votes. During the last four weeks preceding a Congress, it shall be lawful for the Bureau Directeur in its discretion to elect societies or individual members, as laid down in Clause 3, provisionally, subject to confirmation by the Central Committee in its first sitting during the Congress.

An appeal from the decision by the Bureau Directeur shall lie first to the Central Committee, when in session, and from that body to the Congress.

CLAUSE 5.—Such members of the Alliance, whether societies or individuals, as have not paid their subscription are not to be admitted to the Congress of the Alliance, and if they do not pay within a term of six months from the time at which the subscription had fallen due, their names may be struck off the roll of members by resolution of the Central Committee, to be constituted as is laid down in Clause 27 of these Rules.

CLAUSE 6.—The Congress may, at the instance of the Central Committee, by resolution cause any member, no matter whether it be a society or an individual, to be struck off the members' roll of the Alliance, that or who is found, instead of working for the attainment of the common aim, to be acting, no matter with what object in view, in such manner as may threaten to prejudice the interests of co-operation and of the Alliance.

CLAUSE 7.—Every group, federation or society, which becomes a member of the Alliance is required to forward to the Executive Committee in London a copy of its Rules and Regulations, to advise the said Committee of any change which may subsequently take place in such Rules and Regulations, and also to forward to the said Committee all periodicals, reviews, reports, and propagandist publications which may be issued on its behalf.

### 3. FINANCIAL RESOURCES OF THE ALLIANCE.

CLAUSE 8.—The financial resources of the Alliance are made up as follows:—

- (1.) Of the money to be collected in the shape of subscriptions to be mentioned in Clause 9.
- (2.) Of gifts or legacies which may be made or left to

it, and of such moneys as may be given by well-wishers in the shape of donations.

- (3.) Lastly, of any income which it may derive from its own funds and properties of any kind.

CLAUSE 9.—The smallest annual subscription entitling to membership in the Alliance is fixed at 10s. for a society, and 5s. for an individual.

The rate of subscription will be so fixed as to make the proceeds equal to the general expenditure of the Alliance and to special expenses arising in connection with the printing of the Congress reports and of other publications.

#### 4. THE OFFICE OF THE ALLIANCE.

CLAUSE 10.—The headquarters of the International Co-operative Alliance is in London, where the Executive Committee, still to be spoken of in Clause 29, has its seat and office.

#### 5. NATIONAL SECTIONS.

CLAUSE 11.—There may be in every country to which the Alliance extends one or several national sections.

CLAUSE 12.—Every national section lays down at its own pleasure the Rules to govern its own internal organisation.

It may adopt a territorial character as including within it all co-operative groups of a certain fixed district or country, or else be formed specially to embrace only one particular kind of co-operation, within the extent of an entire country or of an entire district.

Should there be several national sections in one country, each one of them will be required to add to the name of the country some particular designation to distinguish it from other sections.

CLAUSE 13.—In any case no national section, whether there be one or more in the same country, may be formed or recognised by the Central Committee otherwise than with the expressed approval of such members of that Committee as represent the country to which the said section belongs.

CLAUSE 14.—Every section so formed and recognised appoints from among its own members one who will be expected to take charge of the correspondence to be carried on with the Executive Committee in London, of the collec-



tion of subscriptions from members belonging to the section, and of their transmission to the Treasurer of the Executive Committee.

CLAUSE 15.—The Alliance and its national sections shall, so far as is possible, avail themselves, for any action in which they may engage, of the groups, federations and societies already existing in any particular country.

CLAUSE 16.—The task of developing commercial relations among co-operators shall, in every country, be entrusted to the national section of such country.

To accomplish this task each national section is at liberty to add to its members for this specific purpose other persons such as appear peculiarly adapted for the work.

In the event of a country not possessing a national section, the Central Committee of the Alliance may form one *ex officio*, authorising it to add suitable persons to its members.

#### 6. THE INTERNATIONAL CO-OPERATIVE CONGRESS.

CLAUSE 17.—The International Co-operative Alliance meets at an International Co-operative Congress at least once every three years.

Such Congress will meet in such country and such locality as either the preceding Congress or the Central Committee may select.

CLAUSE 18.—Congresses are to be organised and held in accordance with the following regulations, to be completed, if it should appear desirable, by special regulations laid down, for each Congress, by the Central Committee, acting in conjunction with the local Organising Committee, to be mentioned in Clause 19 following.

CLAUSE 19.—The Central Committee of the Alliance is at liberty to authorise the formation of a local Organising Committee in the country in which the next Congress is to be held.

The Central Committee and the local Organising Committee shall designate in concert with one another the Honorary Presidents and Vice-Presidents, and the acting President and Vice-Presidents and Secretaries of the next Congress, and shall, likewise in concert with one another, prepare the list of invitations to attend the Congress, to be issued to societies or persons not forming part of the Alliance.

**CLAUSE 20.**—The Congress shall discuss co-operative questions of a kind calculated generally to interest co-operators of different countries; it shall receive the report on the progress of work since the preceding Congress to be presented by the Central Committee; it shall consider the motions to be brought forward before it with a view to adoption; it shall select the members of the Central Committee appointed in accordance with Clause 27 of these present Rules.

**CLAUSE 21.**—Every delegate representing a group, a federation, or a society forming part of the Alliance is required to come to the Congress provided with a regular nomination, signed by the President and the Secretary of his society, and sealed with the society's seal. Upon such nomination being found in order, the delegate is to receive a card of admission marked with his name.

**CLAUSE 22.**—Any group, federation, or society which has joined the Alliance, is entitled to appoint as many delegates to represent it as it may think fit. But only one of these has the right to vote.

Single persons who are members of the Alliance are admitted only with the right of speaking, not voting; however, any ten of them combining for the purpose, shall have the right to appoint one to represent them, with the right of voting.

**CLAUSE 23.**—One delegate may be appointed by several of the societies to which reference has been made in the preceding clause, to represent them all; but such delegate must not represent in all more than five societies.

**CLAUSE 24.**—An official programme setting forth the questions to be submitted to Congress in respect of each form of co-operation shall be printed and issued before the Congress; however, the Business Committee of the Congress shall determine the order in which such questions shall be considered.

Any motion proposed outside the four corners of such programme shall be handed in at the close of each sitting for reference to an Examining Committee.

Such motions of this kind, as the Examining Committee approve, shall not be discussed until after the official programme has been exhausted, except in cases voted urgent by the Congress.

CLAUSE 25.—The President directs the discussion, in conformity with these present Rules and with any provisions laid down, for each Congress, in Regulations to be framed in common by the Central Committee of the Alliance and the local Organising Committee.

CLAUSE 26.—A full report of the Congress proceedings shall be prepared by the Secretaries of the Congress. It shall be subject to the approval of the Central Committee, which shall issue it and cause a copy to be forwarded to every member who has paid his subscription.

#### 7. THE CENTRAL COMMITTEE AND THE EXECUTIVE COMMITTEE.

CLAUSE 27.—There shall be a Central Committee, to which shall be entrusted the task of attending to the interests of the International Co-operative Alliance in the interval between two Congresses.

Such Central Committee shall consist of thirty-seven members belonging to the various countries represented in the International Co-operative Alliance.

Such members are to be designated by the Congress of the year 1896.

Of the Central Committee, so constituted, one half the number of members, representing the various countries, shall retire at the end of each Congress. The outgoing members shall be re-eligible.

CLAUSE 28.—The proportion in which the several countries represented in the Alliance are to be represented on the Central Committee shall be determined by the Congress, which shall above all things, in making such decision, take into account the present importance of the co-operative movement in every particular country.

CLAUSE 29.—The Central Committee shall appoint an Executive Committee from among its own members, which shall include a President, a Vice-President, a Treasurer and one or more Secretaries.

CLAUSE 30.—The Treasurer shall collect the receipts and pay the outgoings; he alone is entitled to give a valid receipt for money paid; he shall act for the Alliance in matters of law and otherwise in official acts.

CLAUSE 31.—The Central Committee has charge of the despatch of all current business.

It may consult and vote by correspondence.

The Executive Committee shall, in such manner as shall still be determined upon by the Central Committee, keep all members of that Committee, in their several countries, advised of everything of any importance that may happen.

CLAUSE 32.—In the event of vacancies occurring in the Central Committee in the interval between two Congresses, the Central Committee shall have authority to fill those vacancies without waiting for the meeting of the next Congress. In such case the Executive Committee shall cause a vote to be taken by correspondence for the election of a member belonging to the same country as the late member.

CLAUSE 33.—The resolutions adopted by the Executive or else the Central Committee on the ground of Clauses 4 and 5 of these Rules, to sanction or refuse the admission of a member into the Alliance or to decide upon the removal of a member's name from the roll, shall be valid only if passed by a two-thirds majority of the members present.

From the decisions taken in accordance with the preceding passage the person interested shall have a right to appeal to the next Congress. However, such appeal shall not delay the effect of any resolution actually passed.

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# SIXTH CONGRESS

## OF THE

# International Co-operative Alliance.

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### Officers of the Congress.

*President* : Count ALEXANDER KÁROLYI.

*Vice-President* : Count JOSEPH MAILÁTH.

*Chairman of the Alliance* : Mr H. W. WOLFF.

*Secretary* : Dr ISTVAN BERNÁT.

### Local Organising Committee.

*Chairman* : Count Alexander Károlyi.

*Vice-Chairman* : Count Joseph Mailáth.

Julius Rubinek, M.P., Secretary of the Hungarian Agriculturists' Society.

Dr John Kiss, Director of the Co-operative Society of Officers of the Royal Hungarian State Railway.

Francis Perczel, Director of the Co-operative Association of Farmers of Hungary.

Coloman Imrédy, Director of the Central Co-operative Credit Association for Small Landowners in Hungary.

Ambrosius Seidl, Manager of the Hungarian Central Co-operative Credit Society.

Aurélius Münnich, M.P., Chairman of the Hungarian Central Union of Independent Credit Societies.

Count Aladár Zichy, M.P., President of the Hungarian Central Union of Christian Distributive Societies.

*Secretary* : Dr Istvan Bernát.

## COMITÉ DE PATRONAGE.

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### HIS IMPERIAL AND ROYAL HIGHNESS ARCHDUKE JOSEPH.

- ALESSANDRO ANSELMi, President of the People's Bank of Cremona.  
 Dr ISTVAN BERNÁT, Secretary of the "Magyar Gazdaszovetseg."  
 ADALBERT BIECHONSKI, President of the Bank of the Union of Co-operative Societies of Prussian Poland.  
 GIUSEPPE BIONDI, President of the Agricultural Co-operative Society of Parma.  
 E. DE BOYVE, Treasurer of the Central Committee of the French Co-operative Union.  
 M. CASPERS, Chairman of the Union of German Rural Co-operative Societies (Raiffeisen).  
 Baron COLLOT d'ESCURY, President of the General Union of Dutch Co-operative Dairies.  
 CO-OPERATIVE UNION OF GREAT BRITAIN.  
 Dr HANS CRÜGER, Chairman of the Union of (Schulze-Delitzsch) Co-operative Societies in Germany.  
 LEON D'ANDRIMONT, Member of the Belgian Senate, Chairman of the Union of Belgian People's Banks.  
 S. DANEFF, Member of the Bulgarian Chamber, late Prime Minister.  
 IGNATIUS DE DARÁNYI, late Minister of Agriculture in Hungary.  
 O. DEHLI, Hoiesteretsadvokat, Christiania.  
 DELALANDE, President of the Central Union of French Agricultural Syndicates.  
 Count AURELIUS DESSEWFFY, Privy Councillor, President of the Crédit Foncier of Hungary.  
 PAUL DOUMER, Member of the French Chamber, late Governor of Indo-China.  
 EMILE DUPOET, Vice-President of the French National Agricultural Society, President of the Union of Agricultural Syndicates of South-Eastern France.  
 LOUIS DURAND, Chairman of the Union of French Co-operative Agricultural and Artisans' Banks.  
 Duke NIKLAS ESTERHÁZY, Member of the Hungarian Chamber of Magnates.  
 EYSCHEN, Minister of the Government of the Grand Duchy of Luxemburg.  
 L. FAVARON, Managing Director of the Co-operative Society "Les Charpentiers de Paris."  
 MAGGIORINO FERRARIS, Member of the Italian Chamber, late Minister of Posts and Telegraphs.  
 ARTHUR FONTAINE, President of the French Labour Department.  
 DE FONTGALLAND, Chairman of the Union of Agricultural Syndicates of Die.  
 Dr HANNES GEBHARD, Chairman of the Society "Pellervo" for the promotion of agricultural co-operation in Finland.  
 T. GEORGOFF, Member of the Bulgarian Chamber.

- Colonel J. GEREBIATIEFF, St Petersburg.
- Professor CHARLES GIDE, Chairman of the Central Committee of the French Co-operative Union.
- COSTA GOODOLPHIM, of the Royal Academy of Science of Portugal.
- Right Hon. EARL GREY, Honorary President of the International Co-operative Alliance.
- T. E. GUESCHOFF, Member of the Bulgarian Chamber, late Minister.
- ENDRE GYÖRGY, Special Commissioner of the Royal Hungarian Ministry of Agriculture.
- JOSEPH DE HAJOS, Vice-President of the Union of Hungarian Co-operative Credit Societies.
- Dr HAVENSTEIN, Councillor of Agriculture, Chairman of the Union of Agricultural Co-operative Societies in Rhineland.
- G. J. HOLYOAKE, Vice-President of the Labour Copartnership Association.
- Professor J. PIERNAS HURTADO, Madrid.
- COLOMAN IMREDY, Director of the Hungarian Central Co-operative Credit Association for Small Landowners.
- ASSEN IVANOFF, Director of Agricultural Co-operative Banks in Bulgaria.
- P. N. ISSAKOV, Chairman of the Central Committee of Russian Distributive Societies.
- Dr FRIEDRICH JAHN, Vice-President of the Union of Credit Societies in Bohemia, Moravia, and Silesia.
- COUNT ALEXANDER KÁROLYI, President of the Congress.
- E. KARADI, Governor of the National Bank of Bulgaria.
- COUNT GABRIEL KEGLEVICH, President of the Central Co-operative Creamery of Hungary.
- KERGALL, Chairman of the French "Syndicat Economique Agricole."
- A. MICHELS v. KESSENICH, Member of the Committee of the Union of Co-operative Dairies in South Holland.
- A. PESCHKE KOEDT, late Member of the Danish Rigsdag.
- G. H. VON KOCH, General Secretary of the Swedish Co-operative Union.
- OMER LEPREUX, Director-General of the Belgian National Savings Bank.
- S. M. LOZANITCH, President of the General Union of Servian Agricultural Co-operative Societies.
- LUIGI LUZZATTI, Italian Minister of the Treasury.
- Dr VINCENZO MAGALDI, President of the Italian Department of Credit, Provident Societies, &c.
- COUNT JOSEPH MAILÁTH, Member of the Hungarian Chamber of Magnates.
- D. R. MANSHOLT, Chairman of the Co-operative Dairy of Leens.
- Prof. Dr GUSTAV MARCHET, Privy Councillor, Member of the Austrian Parliament and Lower Austrian Diet.
- J. C. VAN MARKEN, Member of the Council of the Federation of Dutch Co-operative Societies.
- WILLIAM MAXWELL, Chairman of the Scottish Co-operative Wholesale Society.
- A. MICHA, General Secretary of the Federation of Belgian People's Banks.
- N. O. NELSON, The Leclair Familistere, U.S.A.
- Margrave EDWARD PALLAVICINI, Privy Councillor, President of the Association of Co-operative Societies of Somogy.
- GEORGES PAULET, Director of the Department of Provident Societies, &c., in the French Ministry.
- GEORGES N. PHILARETOS, late Minister of Justice of Greece.
- Sir HORACE PLUNKETT, K.C.V.O., Vice-President of the Department of Agriculture in Ireland.

Prince MATHIAS RADZIWIŁŁ.

Prof. G. RAINERI, Director of the Union of Agricultural Co-operative Societies of Italy.

LUIGI RAVA, Minister of Agriculture, Industry, and Commerce in Italy.

CHARLES RAYNERI, Managing Director of the Co-operative People's Bank of Mentone.

Count EUGÈNE REBAUDENGO, President of the Agricultural Syndicate of Turin.

COUNT DE ROCQUIGNY, Head of the Agricultural Department of the French Musée Social.

VINCENZO SANI, Honorary Director of the Co-operative People's Bank of Bologna.

Prof. J. F. SCHÄR, late Chairman of the Union of Swiss Co-operative Societies.

GAETANO SCHIRATTI, President of the first group of Italian People's Banks.

AMBROSIUS SEIDL, Managing Director of the Central Co-operative Credit Society of Hungary.

J. SHILLITO, Chairman of the Co-operative Wholesale Society, Manchester.

JULES SIEGFRIED, Member of the French Chamber, late Minister of Commerce.

MAX FREIHERR VON SODEN-FRAUNHOFEN, Director of the Union of Bavarian Agricultural Co-operative Banks and Dairies.

P. A. SOKOLOVSKI, General Secretary of the Committee of Industrial and Credit Societies attached to the Imperial Agricultural Society of Moscow.

Dr PAUL FREIHERR VON STÖRCK, Director of the General Union of Agricultural Co-operative Societies in Austria.

Count EMEICH SZECHENYI, Member of the Hungarian Chamber of Magnates.

Count TABNOWSKI, President of the Agricultural Society of Cracow.

TCHACALOFF, President of the Co-operative Distributive Society at Sofia.

MARQUIS DE VOGÜÉ, President of the Agricultural Society of France.

Dr LUDWIG VOGLEE, Member of the Austrian Parliament.

Colonel JEAN DE WATTENWYL, Founder of Swiss Co-operative Cattle-Breeding Societies.

Mgt. WAWRZYŃIAK, Chairman of the Union of Co-operative Societies in Polish Prussia.

Dr KARL WOLFF, Director of the Savings Bank of Nagy Szeben.

Dr LEONE WOLLEMBORG, late Minister of State, Chairman of the Union of Italian Agricultural Co-operative Banks.

Dr MICHEL WOUTCH, Servian Minister at the Court of Vienna, Vice-President of the General Union of Servian Agricultural Co-operative Societies.

CARL WRABETZ, Member of the Austrian Parliament, Chairman of the Union of German Co-operative Societies in Austria.

D. M. YABLANSKY, Member of the Bulgarian Parliament.

ROBERT YERBURGH, M.P., President of the Agricultural Organisation Society.

Count ALADÁR ZICHY, President of the Central Union of Christian Distributive Societies of Hungary.

Count ROBERT ZSELENSZKI, Privy Councillor, Chairman of the Hungarian Life and Fire Assurance Co-operative Society.



## INVITED GUESTS PRESENT AT THE CONGRESS.

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- Count STEPHEN TISZA, Prime Minister of Hungary.  
 Dr ALEXANDER PLÓSZ, Minister of Justice of Hungary.  
 M. GÉZA MAKFALVAY, Secretary of State in the Hungarian Ministry of Agriculture.  
 Privy-Councillor Dr ERTL, representing the Ministry of Agriculture of Austria.  
 M. STEVENS, Director of Industrial and Professional Education in Belgium.  
 Count PEJACSEVICH, Banus of Croatia.  
 M. JOHANN HALMOS, Mayor of Budapest.
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The following gentlemen were invited, but were unable to be present:—

- M. EYSCHEN, Minister of the Government of the Grand Duchy of Luxemburg.  
 M. LASZLO LUKACS, Hungarian Minister of Finance.  
 M. BELA TALLIAN, Hungarian Minister of Agriculture.  
 M. KAROLYI HIERONYMI, Hungarian Minister of Commerce.  
 Sir HORACE PLUNKETT, K.C.V.O., Vice-President of the Department of Agriculture in Ireland.  
 Dr HEILIGENSTADT, President of the Prussian Central Co-operative Bank.  
 M. OMER LÉPREUX, Director-General of the Belgian National Savings Bank.  
 THE COMMISSIONER OF LABOUR.  
 M. ARTHUR FONTAINE, President of the French Labour Department.  
 Dr V. MAGALDI, President of the Italian Department of Credit, Provident Societies, &c.  
 M. G. PAULET, Director of the Department of Provident Societies, &c., in the French Ministry.  
 M. PAL SZMECSANYI, Bishop of Nagyvárad.  
 Count NIKLOS SZÉCHÉNYI, Bishop of Győr.  
 M. LAJOS BENICZKY, Prefect of the County of Pest.  
 M. JOSEF MARKUS, Prefect of Budapest.  
 M. ADOLF LIBITS, Director of the estates of His Imperial and Royal Highness Archduke Joseph.

# Co-operative Societies, Members of the International Co-operative Alliance, represented at the Congress by Delegates.

## AUSTRIA.

| TOWN.     | ORGANISATION.  | DELEGATES.   |
|-----------|--|--|
| Cilli .   | . Zveza slovenskih posojilnic v Celju .  | Jost, F.; Loncar, F.                                   |
| Laibach . | . Zadružna zveza v Ljubljani .   | Rozman, Ivan.  |
| Lemberg . | . Pow szechny zwiazek na własnej pomocy<br>opartych galicyjskich stowarzyszen<br>zarobkowych i gospodarczych .     | Wittlin, Dr B.   |
| Lemberg . | . Zwiazek stowarzyszen zarobkowych i<br>gospodarczych .  | Terenkoczy, L.   |
| Prague .  | . Jednota zalozen v Cechach, na Morave<br>a ve Slezsku .   | Jahn, Dr F.; Karka,<br>K.; Simacek.                    |
| Vienna .  | . Allgemeiner Verband der auf Selbst-<br>hilfe beruhenden deutschen Erwerbs-<br>und Wirthschaftsgenossenschaften . | Wrabetz, C.; Geh-<br>ringer, J.; Neu-<br>dörfer, Dr O. |
| „ .       | . Erster Wiener Beamtenverein .  | Kessler, E.; Felgel,<br>V.                             |

## BELGIUM.

|            |  |              |
|------------|--|--------------|
| Brussels . | . Fédération des sociétés coopératives . | Serwy, V.    |
| Ghent .    | . Banque Populaire Gantoise .            | François, A. |

## BULGARIA.

|         |  |                |
|---------|--|----------------|
| Sofia . | . Société coopérative de consommation<br>"Bratski Trond" . | Tchakaloff, C. |
|---------|--|----------------|

## DENMARK.

|              |   |             |
|--------------|---|-------------|
| Copenhagen . | . Andels-udvalget .                                     | Högbro, S.  |
| „ .          | . Faellesforeningen for Danmarks Brugs-<br>foreninger . | Blem, M. P. |

## FRANCE.

|              |   |                      |
|--------------|---|----------------------|
| Albi .       | . La Verrerie Coopérative .   | Mauss, M.            |
| Amiens .     | . L'Union .   | Héliès, L.           |
| Belval .     | . Syndicat des agriculteurs de la Manche .  | Rocquigny, Count de. |
| Cherbourg .  | . La Fraternelle .  | Buffet, L.           |
| Clichy .     | . L'Economie Sociale .  | Buffet, L.           |
| Cognac .     | . Société coopérative de vignerons et<br>agriculteurs .   | Rocquigny, Count de. |
| Grenoble .   | . Fédération des sociétés coopératives<br>de consommation des employés des<br>chemins de fer P.L.M. . | Chiousse, C.         |
| Limoges .    | . L'Union .   | Buffet, L.           |
| Lyons .      | . Coopérative agricole du Sud-Est .   | Fontgalland, A. de.  |
| Maraussan .  | . Les Vignerons Libres .  | Héliès, L.           |
| Marseilles . | . Centre Fédératif du Crédit populaire<br>en France .   | Rocquigny, Count de. |
| Mentone .    | . Banque Populaire de Menton .  | Rocquigny, Count de. |
| Nantes .     | . L'Economie .  | Mauss, M.            |
| Nîmes .      | . Abeille Nîmoise et Solidarité .   | Chiousse, C.         |
| Paris .      | . La Bellevilloise .  | Héliès, L.           |
| „ .          | . Bourse des coopératives socialistes de<br>France .  | Héliès, L.           |

## France—continued.

| TOWN.            | ORGANISATION.   | DELEGATES.                           |
|------------------|---|--------------------------------------|
| Paris . . .      | Chambre Consultative des associations<br>ouvrières de production . . .                                | Barré, R.                            |
| „ . . .          | Comité Central de l'Union Coopéra-<br>tive des sociétés françaises de con-<br>sommation . . .         | Buffet, L.<br>Mauss, M.<br>Mauss, M. |
| „ . . .          | La Coopération socialiste . . .   |                                      |
| „ . . .          | La Famille . . .  |                                      |
| „ . . .          | Fédération coopérative de la région<br>parisienne . . .   | Héliès, L.<br>Madaré, E.             |
| „ . . .          | La Participation . . .  |                                      |
| „ . . .          | Société des Agriculteurs de France . .  | Fontgalland, A. de.                  |
| „ . . .          | Société civile coopérative de consom-<br>mation du 18. Arrondissement de<br>Paris . . .               | Chiousse, C.                         |
| „ . . .          | Société de prévoyance et de secours<br>mutuels des ouvriers et employés de<br>la maison Leclair . . . | Rocquigny, Count de.<br>Chiousse, C. |
| Roubaix . .      | Boulangerie économique l'Union . .  | Chiousse, C.                         |
| St Rémy-sur-Avre | Société philanthropique coopérative .   | Chiousse, C.                         |

## GERMANY.

|                                 |  |  |
|---------------------------------|--|--|
| Allenstein . .                  | Verband der Ost- und Westpreus-<br>sischen Erwerbs- und Wirtschafts-<br>genossenschaften . . .                             | Wolski, J.<br>Lorenz, H.                     |
| Barmen . . .                    | Konsumgenossenschaft "Vorwärts" .  | Hild, C.                                     |
| Berlin . . .                    | Kredit-Verein der Friedrichstadt . .   | Alberti, Dr.                                 |
| Bockenheim .                    | Volksbank . . .  |  |
| Bonn . . .                      | Verband der rheinpreussischen land-<br>wirtschaftlichen Genossenschaften . .   | Crüger, Dr H.<br>Alberti, Dr.                |
| Brandenburg .                   | Bank-Verein . . .  |  |
| „ . . .                         | Verband der Konsumvereine der Pro-<br>vinz Brandenburg . . .   | Kaltofen, E.<br>Lorenz, H.                   |
| „ . . .                         | Konsumverein "Vorwärts" . . .  |  |
| Brunswick . .                   | Allgemeiner Konsumverein . . .   | Kaltofen, E.                                 |
| „ . . .                         | Verband mitteldeutscher Konsum-<br>vereine . . .   | Kaltofen, E.                                 |
| Bremen . . .                    | Verband nordwestdeutscher Konsum-<br>vereine . . .   | Vieth, F.<br>Vieth, F.                       |
| Bremerhaven .                   | Konsumverein . . .   |  |
| Breslau . . .                   | Verband der Erwerbs- und Wirth-<br>schaftsgenossenschaften Schlesiens .  | Wolski, J.<br>Wolski, J.                     |
| Breslau . . .                   | Vorschussverein . . .  |  |
| Charlottenburg-<br>Berlin . . . | Allgemeiner Verband der auf Selbst-<br>hilfe beruhenden deutschen Er-<br>werbs- und Wirtschaftsgenossen-<br>schaften . . . | Crüger, Dr H.<br>Alberti, Dr.                |
| Chemnitz . .                    | Spar- und Kreditverein . . .   | Alberti, Dr.                                 |
| Coblenz . . .                   | Volksbank . . .  | Alberti, Dr.                                 |
| Coel . . .                      | Vorschussverein . . .  | Jung, L. D.                                  |
| Dresden . . .                   | Verband sächsischer Konsumvereine .  | Kaltofen, E.                                 |
| Frankfurt . .                   | Konsumverein . . .   | Vieth, F.                                    |
| Gera . . .                      | Gewerbebank . . .  | Hild, C.                                     |
| Gumbinnen . .                   | Vorschussverein . . .  | Wolski, J.                                   |
| Halle a/S. . .                  | Konsumverein . . .   | Vieth, F.                                    |
| Hamburg . . .                   | Zentralverband deutscher Konsum-<br>vereine . . .  | Kaufmann, H.<br>Lorenz, H. ; Kaltofen,<br>E. |
| „ . . .                         | Grosseinkaufs-Gesellschaft deutscher<br>Konsumvereine . . .  |  |

## Germany—continued.

| TOWN.           | ORGANISATION.  | DELEGATES.            |
|-----------------|--|-----------------------|
| Hamburg .       | Konsum-, Bau- und Sparverein "Production"  | Elm, A. von.          |
| " .             | Tabakarbeiter-Genossenschaft   | Elm, A. von.          |
| Hanover .       | Konsumverein . . . . .   | Kaufmann, H.          |
| Hohenmölsen .   | Konsumverein . . . . .   | Steinbach, Frau.      |
| Insterburg .    | Vorschussverein . . . . .  | Wolski, J.            |
| Jena .          | Konsumverein . . . . .   | Lorenz, H.            |
| Magdeburg .     | Verband der Konsumvereine der Provinz Sachsen und der angrenzenden Provinzen und Staaten . . . . . | Oppermann, G.         |
| Meerane .       | Konsumverein "Haushalt" . . . . .  | Lorenz, H.            |
| Munich .        | Verband süddeutscher Konsumvereine   | Kaufmann, H.          |
| Neustadt .      | Volksbank . . . . .  | Crüger, Dr H.         |
| Neustrelitz .   | Verband der Norddeutschen Erwerbs- und Wirtschafts-genossenschaften                                | Oppermann, G.         |
| Niedersedlitz . | Konsumverein . . . . .   | Kaltofen, E.          |
| Pieschen .      | Konsumverein . . . . .   | Kaufmann, H.          |
| Posen .         | Bank Związku Spółek Zarobkowych .  | Kusztelan, Dr J.      |
| Remscheid .     | Verband der Konsum- und Productiv-genossenschaften in Rheinland u. Westfalen . . . . .             | Kaufmann, H.          |
| Rixdorf .       | Vorschussverein . . . . .  | Hild, C.              |
| Speyer .        | Volksbank . . . . .  | Jung, L. D.           |
| Wiesbaden .     | Verband der Erwerbs- und Wirtschafts-genossenschaften am Mittelrhein . . . . .                     | Alberti, Dr.          |
| " .             | Vorschussverein . . . . .  | Hild, C.; Jung, L. D. |
| Zeitz .         | Verband Thüringer Konsumvereine .  | Vieth, F.             |

## HUNGARY.

|            |  |  |
|------------|--|--|
| Arad .     | Aradvármegyei gazdasági egyesület fogyasztási és értékesítő szövetkezete | Laehne, H.   |
| Budapest . | Budapesti központi Tejcarnok szövetkezet . . . . .                       | Harkányi, Baron J.; Barcza, K.; Szemere, H.; Gerley, L.                  |
| " .        | Budapesti V-dik Kerületi Takarékpénztár . . . . .                        | Braun, Dr F.   |
| " .        | Budapesti kölcsönös segélyező egyeslet .                                 | Feilitzsch, Baron A.; Ney, L.; Fiedmann, I.; Kanitz, H.; Merényi, J.     |
| " .        | Gazdák biztosító szövetkezete . . . . .                                  | Zselénszki, Count A.; Rubinek, G.  |
| " .        | Kisbirtokosok Országos Földhitelintézete . . . . .                       | Imrédy, Dr K.  |
| " .        | Magyar Gazdák vásárcsarnok ellátó szövetkezete . . . . .                 | Szilassy, Z.; Ybl, F.  |
| " .        | Magyar Földhitelintézet . . . . .  | Dessewffy, Count A.  |
| " .        | Magyar Királyi államvasutak alkalmazottai fogyasztási szövetkezete .     | Marbőssy, B.; Prehoffer, G.  |
| " .        | Magyar köztisztviselők fogyasztási szövetkezete . . . . .                | Henyey, Dr V.  |
| " .        | Önállóan működő hitelszövetkezetek országos Kötéléke . . . . .           | Münlich, Dr A. Feilitzsch, Baron A.; Karácsonyi, Dr L.; Bukovszky, Dr G. |

## Hungary—continued.

| TOWN.             | ORGANISATION.   | DELEGATES.  |
|-------------------|---|---|
| Budapest .        | Magyar kölcsönös állatbiztosító Társaság . . . . .  | Ivanka, O.; Zaleszky, J.; Szapáry, Count L.; Pajor, Dr L.; Perczel, F.  |
| „ .               | Fővárosi takarékpénztár . . . . .   | Ligeti, L.; Baroti, S.; Brachfeld, S.   |
| „ .               | Országos központi hitelszövetkezet . . . . .  | Seidl, A.; Bálint, G.; Ónody, I.; Végh, J.; Ivatagh, E.; Baross, Dr L.  |
| „ .               | Keresztény szövetkezetek országos központja . . . . .                                     | Zichy, Count A.; Wildfeuer, Dr K.; Gieswein, S.; Zlinszky, J.; Egan, L.; Lúzsinszky, Baron Z.; Piski, Z.; Klempa, I.; Wolf, D.; Tritsek, F. |
| „ .               | Magyar Mezőgazdák szövetkezete . . . . .  | Széchényi, Count L.; Perczel, F.  |
| „ .               | „ Hangya,” a magyar Gazdaszövettség fogyasztási és értékesítő szövetkezete . . . . .      | Balogh, E.; Ivanka, O.  |
| „ .               | Országos Korona Takarékpénztár . . . . .  | Bochkor, Dr K.; Rotter, L.  |
| Debreczen .       | Tiszavidéki hitelszövetkezetek köteleke . . . . .   | Szántó, Dr S.   |
| Eperjes .         | Sárosvármegyei gazdák fogyasztási és értékesítő szövetkezete . . . . .                    | Bujanovics, G.; Faltin, G.  |
| Hermannstadt .    | Verband Raiffeisenscher Genossenschaften . . . . .  | Wolff, Dr K.  |
| Kaposvár .        | Somogy megyei hitelszövetkezete szövetsége . . . . .                                      | Pallavicini, Margrave E.; Jantsits, E.  |
| Kassa .           | Kassai fogyasztási szövetkezetek . . . . .  | Korláth, F.   |
| Krasznabéltelek . | Krasznabélteleki hitelszövetkezet . . . . .   | Bohus, Dr J.  |
| Marosvásárhely .  | Marosvásárhelyi ipari hitelszövetkezet . . . . .  | Szakáts, P.   |
| Pacsa .           | Pacsai fogyasztási és értékesítő szövetkezete . . . . .                                   | Szentmihályi, D.; Tassy, I.; Tanczos, L.; Lázár, A.; Förster, J.  |
| Sátoraljaújhely . | Felső-Tiszai vármegyék hitelszövetkezeteinek szövetsége . . . . .                         | Mailáth, Count J.   |
| Vác .             | Váci ipari és gazdasági hitelszövetkezet . . . . .  | Bauer, M.   |
| Zagreb .          | Verband serbischer landwirthschaftlicher Genossenschaften in Oesterreich-Ungarn . . . . . | Gjermanovic, A.; Karamata, S.   |
| „ .               | I hrvatska udruga zastolarske i proizvode dekorativne . . . . .                           | Kavuric-Jendris, I.; Terstenjak, M.   |

## ITALY.

|            |  |                       |
|------------|--|-----------------------|
| Milan .    | Unione Cooperativa . . . . .                       | Parini, E.; Dalai, L. |
| Piacenza . | Federazione italiana dei consorzi agrari . . . . . |                       |

## NETHERLANDS.

|             |   |  |
|-------------|---|--|
| The Hague . | Hoofdbestuur van “Eigen Hulp” . . . . .   | Moorrees, C. L. W.; Romeyn, H. J.      |
| „ .         | Nederlandsche Coöperatieve Bond . . . . . | Bieleman, G. J.; Goedhart, G. J. D. C. |

**ROUMANIA.**

| TOWN.     | ORGANISATION.                                    | DELEGATES.  |
|-----------|--|-------------|
| Bucharest | Caisse centrale des banques populaires roumaines | Duca, J. G. |

**RUSSIA.**

|               |  |                  |
|---------------|--|------------------|
| Kamenetz      | Syndicat agricole de Podolie                               | Weydlich, C. de. |
| St Petersburg | Comité central russe de coopération                        | Issakoff, P.     |
| Warsaw        | Société pour l'encouragement de l'industrie et du commerce | Weydlich, C. de. |

**SERVIA.**

|          |   |                                      |
|----------|---|--------------------------------------|
| Belgrade | Union générale des sociétés coopératives agricoles serbes | Losanitch, S. M.;<br>Avramovitch, M. |
|----------|---|--------------------------------------|

**SPAIN.**

|           |   |              |
|-----------|---|--------------|
| Barcelona | Camara Regional de sociedades cooperativas de Cataluna y Baleares | Anton, J. S. |
|-----------|---|--------------|

**SWITZERLAND.**

|       |                                       |                  |
|-------|---------------------------------------|------------------|
| Basel | Verband schweizerischer Konsumvereine | Müller, Dr H.    |
| „     | Schweizerischer Genossenschaftsbund   | Schär, Prof. Dr. |

**UNITED KINGDOM.**

|                   |  |                  |
|-------------------|--|------------------|
| Airedale          | Co-operative Worsted Manufacturing Society                       | Halstead, R.     |
| Ashington         | Industrial Co-operative Society                                  | Halford, Miss.   |
| Ashton-under-Lyne | Working Men's Co-operative Society                               | Tetley, J.       |
| Banbury           | Co-operative Industrial Society                                  | Hines, G.        |
| Barrhead          | Co-operative Society   | Welsh, A. M.     |
| Barwell           | Sperope Boot Manufacturers                                       | Vivian, H.       |
| Bedlington        | Equitable Industrial Co-operative Society                        | Halford, Miss.   |
| Bingley           | Industrial Co-operative Society                                  | Fawcett, J. W.   |
| Birkenshaw        | Industrial Co-operative Society                                  | Fawcett, J. W.   |
| Birmingham        | Industrial Co-operative Society                                  | Bamford, W. M.   |
| Blaina            | Industrial Provident Co-operative Society                        | Vivian, H.       |
| Blaydon           | District Industrial and Provident Co-operative Society           | Bamford, W. M.   |
| Bolton            | Co-operative Society   | Hilton, W. A.    |
| Burnley           | Self-help Cotton Spinning and Manufacturing Co-operative Society | Gray, J. C.      |
| Burnley           | Co-operative Society   | Hilton, W. A.    |
| Camelon           | Co-operative Society   | Welsh, A. M.     |
| Carlisle          | South-End Co-operative Society                                   | Pattinson, J. H. |
| Coventry          | Perseverance Co-operative Society                                | M'Innes, D.      |
| Crewe             | Co-operative Friendly Society                                    | Lander, W.       |
| Darwen            | Industrial Co-operative Society                                  | Bamford, W. M.   |
| Derby             | Co-operative Provident Society                                   | Wolff, H. W.     |
| Dewsbury          | Pioneers' Industrial Society                                     | Lander, W.       |
| Doncaster         | Mutual Co-operative Industrial Society                           | Halford, Miss.   |
| Dover             | River and District Co-operative Society                          | Somers, A.       |
| Droylsden         | Co-operative Sundries Manufacturing Society                      | Hilton, W. A.    |
| Eccles            | Provident Industrial Co-operative Society                        | Tetley, J.       |

## United Kingdom—continued.

| TOWN.                    | ORGANISATION.                                | DELEGATES       |
|--------------------------|--|-----------------|
| Epsom .                  | Co-operative Society .                       | Tomlinson, C.   |
| Fleetwood .              | Industrial Co-operative Society .            | Tomlinson, C.   |
| Gateshead .              | Industrial Co-operative Society .            | Gray, J. C.     |
| Glasgow .                | Scottish Co-operative Wholesale Society .    | Maxwell, W.     |
| " .                      | St Rollox Co-operative Society .             | Welsh, A. M.    |
| " .                      | United Co-operative Baking Society .         | M'Culloch, D.   |
| Glossop Dale .           | New Industrial Co-operative Society .        | Gray, J. C.     |
| Great Grimsby .          | Co-operative Society .                       | M'Innes, D.     |
| Great Horton .           | Industrial Society .                         | Firth, W.       |
| Halifax .                | Industrial Co-operative Society .            | Tetley, J.      |
| Hartlepool .             | Co-operative Society .                       | Gray, J. C.     |
| Hawick .                 | Co-operative Society .                       | Young, J.       |
| Heckmondwike .           | Co-operative Society .                       | Fawcett, J. W.  |
| Horbury .                | Industrial Co-operative Society .            | Fawcett, J. W.  |
| Horwich .                | Co-operative Society .                       | Fawcett, J. W.  |
| Hucknall Torkard .       | Industrial Provident Society .               | M'Innes, D.     |
| Huddersfield .           | Industrial Co-operative Society .            | Tetley, J.      |
| Jarrow and Hebburn .     | Co-operative Society .                       | Lander, W.      |
| Keighley .               | Keighley Ironworks Co-operative Society .    | Vivian, H.      |
| Kilbarchan .             | Co-operative Society .                       | M'Culloch, D.   |
| Kinning Park .           | Co-operative Society .                       | Welsh, A. M.    |
| Leeds .                  | Industrial Co-operative Society .            | Tetley, J.      |
| Leicester .              | Co-operative Productive Federation .         | Halstead, R.    |
| " .                      | Co-operative Printing Society .              | Halstead, R.    |
| London .                 | Agricultural Organisation Society .          | Wolff, H. W.    |
| " .                      | Co-operative Brotherhood Trust .             | Harris, J. T.   |
| " .                      | Co-operative Typewriters .                   | Halford, Miss.  |
| " .                      | Labour Co-partnership Association .          | Vivian, H.      |
| Long Eaton .             | Co-operative Society .                       | M'Innes, D.     |
| Macclesfield .           | Equitable Provident Society .                | Hilton, W. A.   |
| Manchester .             | Co-operative Insurance Society .             | Bamford, W. M.  |
| " .                      | Co-operative Newspaper Society .             | Bamford, W. M.  |
| " .                      | Co-operative Printing Society .              | Stansfield, W.  |
| Manchester and Salford . | Equitable Co-operative Society .             | Kelsall, J.     |
| Manchester .             | Co-operative Wholesale Society .             | Lander, W.      |
| New Mills .              | Co-operative Society .                       | Wolff, H. W.    |
| Oxford .                 | Co-operative Builders and Decorators .       | Charles, Mrs C. |
| " .                      | Co-operative Society .                       | Charles F.      |
| Paisley .                | Provident Co-operative Society .             | M'Culloch, D.   |
| " .                      | Underwood Co-operative Coal Society .        | M'Culloch, D.   |
| Pegswood .               | Co-operative Society .                       | Lord, Mrs.      |
| Peterborough .           | Co-operative Equitable Industrial Society .  | Wolff, H. W.    |
| Portsmouth .             | Portsea Island Mutual Co-operative Society . | Hines, G.       |
| Preston .                | Industrial Co-operative Society .            | Lander, W.      |
| Rugby .                  | Co-operative Society .                       | M'Innes, D.     |
| Torquay .                | Co-operative Society .                       | Hines, G.       |
| Walsall .                | Co-operative Padlock Society .               | Vivian, H.      |
| West Wylam and Prudhoe . | Co-operative Society .                       | Barker, Mrs W.  |
| Windhill .               | Industrial Co-operative Society .            | Barker, W.      |
| Woolwich .               | Royal Arsenal Co-operative Society .         | Wolff, H. W.    |
| " .                      | Women's Co-operative Guild .                 | Benett, Miss.   |

## INDIVIDUAL MEMBERS OF THE ALLIANCE PRESENT AT THE CONGRESS.

---

### BULGARIA.

Ivanoff, A.

### RUSSIA.

Brodaśewsky, S. W. de.

### GREECE.

Vesanis, Prof. T.

Vournasos, Dr C. Chr.

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## MEMBERS OF THE CONGRESS ONLY.

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### AUSTRIA.

Kesler, Miss.

Kroiher, J.

Krzyzanowski, Dr A., k. k. Landwirthschaftsgesellschaft, Cracow.

Puntigam, A., Erste Steierm. Eisen- und Metallindustrie, Graz.

Sedlak, J.

Stefczyk, Dr F., Landesauschuss für Galizien.

Störck, Freiherr von.

Tarnowski, Count.

Vogler, Dr L.

Zika, F. { Landwirthschaftliche Centralgesellschaft für die böhmischen  
Landesteile Schlesiens.  
Verband der böhmischen landwirthschaftlichen Genossen-  
schaften für Schlesien.

### BELGIUM.

Vliebergh, Dr E.

### BULGARIA.

Daneff, S.

Gueschoff, J. E.

Karadjoff, E.

Yablanaky, D. M.

### FRANCE.

Comité d'Etudes Sociales.

Montaignac, Viscount de.

Dufourmantelle, M.

### GERMANY.

Dade, Dr.

Haas, Dr.

Klingenbiel, W., General-Verband  
ländlicher Genossenschaften für  
Deutschland; Landwirthschaft-  
liche Centralkasse für Deutsch-  
land.

Thorwart, F.

### GREECE.

Philaréto, G. N.

Théodorides, A.



**HUNGARY.**

Árpászy, J.  
 Bálint, Dr B.  
 Barabás, S.  
 Baranyay, G.  
 Bartha, I.  
 Beck, D.  
 Belávary-Burchard, K.  
 Bencze, L.  
 Biró, Z.  
 Bujanovics, S.  
 Darányi, His Excellency.  
 Dessewffy, Count E.  
 Dessewffy, Countess E.  
 Dolecskó, M.  
 Dömötör, Dr L.  
 Esterházy, Count M.  
 Esterházy, Prince N.  
 Förster, L.  
 Füredi, J.  
 Galovits, Dr Z.  
 Geöcze, Miss S.  
 Gerster, M.  
 Gorove, L.  
 Gróf, M.  
 Hajós, J.  
 Hegedüs, J.  
 Hevessy, Ö.  
 Hoyos, Count M.  
 Imrédy, K.  
 Inkey, Baron P.  
 Károlyi, Count M.  
 Keglewich, Count G.  
 Kenéz, Dr S.  
 Kerekes, E.  
 Kiraz, J.  
 Kiss, P.  
 Kléh, I.  
 Kögl, B.  
 Kornfeld, Z.  
 Löwenstein, A.  
 Machovich, Dr G.  
 Mailáth, Count G.  
 Mezey, G.  
 Miskei, Miskey L.  
 Murányi, J.  
 Nagy, Dr E.  
 Nagy, Dr F.  
 Navratil, Dr A.  
 Németh, J.  
 Novár, R.  
 Paikert, A.  
 Pallavicini, Count G.  
 Papp, L.  
 Poic, F.  
 Pollner, Dr Ö.  
 Radnay, Dr A.  
 Rétay, K.  
 Rósemberczsky, C.  
 Saguly, J.  
 Seidl, A.

**Hungary—continued.**

Somssich, Count L.  
 Sozansky, M.  
 Streit, F.  
 Szabadházy, J.  
 Szabó, Dr A.  
 Suhajda, Dr I.  
 Szántó, M.  
 Teleki, Count A.  
 Tóth, Dr B.  
 Unkelhäuser, Dr K.  
 Verbir, B.  
 Vikár, B.  
 Viczmány, Ö.  
 Wolf, L.  
 Zichy, Count R.  
 Zipser, O.

**ITALY.**

Bordiga, O., Scuola Superiore di  
 Agricoltura, Portici.  
 Baroni, E.  
 Fileni, Dr E.  
 Marioni, Dr V.  
 Verdi fu Cesare, G.

**LIECHTENSTEIN.**

Amann, M., Konsumverein Mühle-  
 holz.

**NETHERLANDS.**

Marken, J. C. van.  
 Romeyn-Tuckermann, Mme. L.

**PORTUGAL.**

Castro, L. de.  
 Goodolphim, C.

**ROUMANIA.**

Dragbicesoo.

**RUSSIA.**

Loewinson-Lessing, Mme. B.  
 Totomianz, Dr.

**UNITED KINGDOM.**

Beken, Miss E.  
 Beken, G. K.  
 Corbett, Miss F.  
 Cox, H.  
 Cushman, Mrs.  
 Gourlay, W.  
 Grinling, Rev. C. H.  
 Kemp, H.  
 Minns, Miss F.  
 Rae, Mrs.  
 Shrubsole, W. H.  
 Wright, H.

## RULES FOR THE CONGRESS.

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1. The Sixth Congress of the International Co-operative Alliance will be held at Budapest on 5th to 8th September 1904, at a place to be approved by the Bureau Director.

2. In accordance with the rules of the International Co-operative Alliance the following classes of persons will be entitled to attend:—

- (1.) Delegates of groups, federations, and co-operative societies which are members of the International Co-operative Alliance, and not in arrear with their subscriptions, the delegates being properly accredited by such organisations by nomination bearing the signatures of the president and the secretary.
- (2.) Individual members of the International Co-operative Alliance, not in arrear in their subscriptions, who have been admitted under clause 3 of the Alliance rules.
- (3.) Persons admitted as members of the Congress only, on payment of 6s. to the Alliance funds.\*
- (4.) Persons invited by the Central Committee in virtue of the power conferred upon it by clause 19 of the Alliance rules.

3. Nominations of delegates and applications for membership may be received during the Congress and dealt with by the Central Committee in such sittings as it may hold.

4. Admission to the proceedings of the Congress, gatherings, excursions, &c., will be by personal ticket, which will be issued to delegates in exchange for their notice of nomination, and to every one qualified under clause 2 upon his making proper application.

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\* The minimum subscription from members of the International Co-operative Alliance is 10s. per annum. However, individual members are eligible only from countries in which, in the opinion of the Central Committee, co-operation is still so insufficiently organised as to warrant such course.—Rule 3.

Groups, federations, and co-operative societies are entitled to appoint more delegates than one, but the power of voting is restricted to one only, whose name must be specially communicated to the Central Committee.

One member may represent up to five organisations, and exercise on their behalf the right of voting.

5. The right of voting, which includes the right of speaking, is reserved for properly appointed delegates only, nominated either by societies or other organisations, or else under clause 22 of the Alliance rules, by ten individual members of the Alliance, not in arrear in their subscriptions, every one of whom is entitled to vote for some such delegate, but only for one. Delegates of these two descriptions will be supplied with *red* tickets, which will have to be shown on division and will alone count.

Individual members of the Alliance and delegates of groups, federations, and co-operative societies not selected for the vote, will have the right of speaking, subject to the present rules, but not of voting. They will be supplied with *blue* tickets.

Members of the Congress only are not permitted to vote, but may be permitted to speak by the Chairman of the Congress. Their tickets will be *yellow*.

Persons invited by the Central Committee will receive complimentary tickets of a *white* colour. Their speaking is subject to the Chairman's invitation.

6. Every member of the Congress, whatever his category, will be entitled to take part in all the proceedings, excursions, &c., as well as to receive a copy of all printed matter issued in connection with the Congress, and a copy of the Report.

All printed matter will be issued in three languages, English, French, and German, and, at the discretion of the Local Organising Committee, also in Magyar. Each member will, however, be entitled to one set of publications only. The Report of the Congress will be sent to such members only as leave their addresses with the Central Committee.

7. The three languages permitted in addressing the Congress are:—French, English, and German; also, subject to the presence of an interpreter, Magyar. The substance of all that is said will be rendered by translation in the other two, or three, languages.

8. The Chairman of the Congress is the President nominated by the Central Committee. The other officers

of the Congress will be elected at the opening sitting on the proposal of the Central Committee.

9. A programme of proceedings will be issued to every member of the Congress at the opening of the Congress or before. It will be in the discretion of the Chairman to alter the order in which subjects are discussed, and, with the consent of the Congress, the hours laid down in the programme.

New subjects, not contained in the programme, and motions relating to the same, may be brought forward with the approval of a committee to be appointed at the opening of the Congress for the examination of all such matters. The same committee shall decide, in the event of any unforeseen question arising in the course of the proceedings, how such is to be dealt with.

10. The opening papers on each of the questions selected for discussion will be printed in three languages (or four, if Magyar be admitted), and distributed to members of the Congress. They will accordingly not be translated. Twenty minutes will be allowed to each selected speaker for his opening remarks. Other speeches are not to occupy more than ten minutes, except by permission of the Chairman, with the approval of the Congress. The limit allowed may be shortened by vote of the Congress.

Nobody will be entitled to address the Congress more than once on the same question, except the openers of discussions, who will have the right to reply.

11. In accordance with the rules of the International Co-operative Alliance all observations of a political or controversially religious character are strictly forbidden.

12. In matters of order the Chairman's ruling shall be final.





## **FIRST PART.**

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**Proceedings of the Congress and Congress  
Papers.**

**Resolutions Passed.**

**Answers to Questions on the Backward  
State of Co-operation in Eastern  
and Northern Countries.**



## SUMMARY OF THE PROCEEDINGS.

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THE Sixth Congress of the International Co-operative Alliance, which was held at Budapest from 5th to 8th September 1904, was the most largely attended Congress yet held by the Alliance. The number of co-operative organisations represented was 213; the number of delegates, individual and invited members, and members of the Congress only was 295.

Membership was not only large in numbers, but also richly varied in respect of nationalities. Britons and Russians, French and Bulgarians, Germans and Roumanians, Greeks, Servians, Poles, Czechs and Magyars—in all, representatives of seventeen different nations—contributed their quota each to the attendance. So varied a gathering had probably never been brought together to discuss co-operation.

The proceedings began on Monday, 5th September, at 10 A.M., when the Central Committee held its first sitting at the offices of the Hungarian Agricultural Society.

In the afternoon, M. Darányi, late Hungarian Minister of Agriculture, formally opened the Co-operative Exhibition set out in connection with the Congress in the Industrial Art Museum, and kept open to the end of the Congress.

Some members visited the Széchényi Mountain. In the evening most of the members dined together at the Hungaria Hotel, and attended a reception in the same place.

On Tuesday, the 6th September, the Congress was formally opened at 9 A.M., and the first sitting was held in the presence of the Hungarian Prime Minister, Count Tisza, some other Hungarian Ministers of State, the Banus of Croatia, and other distinguished persons. The sittings took place in the house of the Hungarian Agricultural Society, a large palatial building, admirably suited to the purposes of the Congress, placed at its disposal by the owners.

The same afternoon a number of members visited the Tailors' Credit and Productive Society at Erzébetfalva. In the evening, Count Károlyi, the President of the Congress, entertained a large number of members to dinner at the Park Club. Many other members attended a theatrical performance in the National Theatre. Late at night, at about 10 o'clock, a considerable number visited the offices of the Central Co-operative Dairy Society.



On Wednesday, 7th September, the second sitting of the Congress took place, followed by a sitting of the Central Committee. In the afternoon members visited the Central Credit Society and the "Hangya." Many also went to the Margaret Island. In the evening, on the same island, the banquet took place to which the Hungarian co-operators had invited members and their ladies. It was a brilliant feast, honoured, once more, by the presence of the Hungarian Prime Minister and other distinguished guests.

On Thursday morning, 8th September, at about 7 o'clock, a number of members visited the salerooms of the Hungarian Farmers' Co-operative Market Supply Society in the City Market Hall. The third and concluding sitting of the Congress took place at 9 A.M., followed by a sitting of the Central Committee for the election of officers for the new term. In the afternoon members visited the Carriage Builders' Co-operative Society, and a considerable number went to see the Co-operative Grain Storage Establishment at Monor. In the evening, Dr Hans Müller gave a lantern lecture at the Urania Theatre, illustrating the progress and development of the co-operative movement in Great Britain, Germany, and Switzerland.

On Friday, 9th September, a number of members, availing themselves of the invitation tendered by the Co-operative Societies of Servia, proceeded to Belgrade, and some further to Vrania, to attend the Servian Co-operative Societies' Congress.

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# PROCEEDINGS

OF THE

## Sixth Congress of the International Co-operative Alliance.

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**MONDAY, 5th SEPTEMBER.**

**FIRST MEETING OF THE CENTRAL COMMITTEE.**

Held in the Royal Agricultural Society's Hall at Budapest  
on Monday, 5th September 1904, at 10 A.M.

**Present:**—Mr H. W. Wolff (in the Chair), Messrs Dr Alberti,  
Dr Crüger, Kaufmann, Dr Müller, Prof. Dr Schär,  
Wrabetz, Gray, Maxwell, M'Innes, Blem, Högsbro,  
Barré, Héliès, Count de Rocquigny, Count Károlyi  
Avramovitch, and Serwy. Dr Bernát attended by in  
vitation of the Chairman.

The Report and Balance-sheet were submitted and approved. The question of the income of the Alliance having been raised, the Bureau Directeur was instructed to draw up proposals to submit to the Central Committee with a view to the increase of such income.

It was agreed that intercongressional meetings of the Central Committee are not at present desirable.

The choice of candidates for vacant seats on the Central Committee was left over to next meeting.

The following societies were elected members of the Alliance:—

Sáros Varmegyei gazdák fogyasztási.  
Václzi ipari és gazdasági hitelszövetkezet.  
Budapesti kölcsönös segélyző egylet.  
Pacsa és videke fogyasztási.  
Keresztény szövetkezetek központja.  
Tiszavidéki hitelszövetkezet köteleke.  
Felső Tisza hitelszövetkezetek szövetsége.

I. hrvatska udruga zastolarske i dekorativne proizvode.  
 Marosvásárhelyi ipari hitelszövetkezet.  
 Fővárosi Takarékpénztár.  
 Kassai fogyasztási szövetkezet.  
 Magyar Kölcsönös állatbiztosító Társaság.  
 Krasznabéltelki hitelszövetkezet.  
 Buttkai fogyasztási szövetkezet.  
 La Famille, Paris.  
 Les Vignerons libres de Maraussan.  
 La Verrerie d'Albi.  
 Banque populaire gantoise.  
 Comité Central russe de coopération.  
 Société pour l'encouragement de l'industrie et du commerce de Varsovie.  
 Verband der Arbeiter-Erwerbs-und Wirthschaftsgenossenschaften Oesterreichs.  
 Also Dr C. Chr. Vournasos, of Athens, as an individual member.

The Central Committee decided to propose to the Congress that in addition to Count Károlyi, already nominated President of the Congress, Count Joseph Mailáth should be elected Vice-President, and Dr Bernát Secretary, and that those three, together with the Chairman of the Alliance, form the Bureau of the Congress. Also that a Standing Orders Committee be nominated, and four tellers, to proceed with the counting of the votes, as is usual in the British Co-operative Union.

The Chairman called Count de Rocquigny's attention to the fact that his motion on State help, as it stood, was likely to meet with serious opposition. He himself desired that at the Congress there should be "neither victors nor vanquished." Count de Rocquigny promised to draft another motion. The other resolutions, submitted by the Chairman, were approved.

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## OPENING OF THE EXHIBITION.

AN exhibition for the display of co-operative products, both industrial and agricultural, was held in connection with the Congress in the Industrial Art Museum, kindly lent by the authorities, within easy reach from the gathering place of the Congress. A more suitable building for the particular purpose could not be imagined. It is one of the features of the city,

built in 1893-97 by Lechner and Pártos in the Oriental style, with a dome 154 feet high, and ornamented in characteristically Hungarian designs, particularly well lighted and roomy. The number of articles exhibited was not very large, but they were good of their kind, interesting and very representative, and admirably set out under the direction of Dr Horváth.

Almost half the hall was appropriated to Hungarian products, the other half to foreign. Among the latter a large show-case table, supplied by the English Co-operative Wholesale Society, with a superstructure exhibiting framed drawings of various of its establishments, was most conspicuous. The Hebden Bridge Fustian Manufacturing Society exhibited fustians, the Co-operative Productive Federation various wares. The Labour Co-partnership Association supplied telling charts, which were flanked by some similar charts, appealing even more forcibly to the eye, which were duplicates of the tables prepared by the Board of Trade for the St Louis Exhibition, indicating the extension of co-operation of various forms in the United Kingdom. Germany was represented mainly by printed matter. The Grand Duchy of Luxemburg contributed some highly interesting charts and an *édition-de-luxe* album. France and Switzerland likewise exhibited charts, literature, and statistical tables in plenty, one of the most conspicuous articles being the album telling the story of the co-operative productive societies in France long since combined in a federation. However, there was also a fine array of various kinds of wines sent from different parts of France, that is, from the Gironde, the Haute Garonne, and the Pays Messin. Italy, Sweden, Finland, Holland, Greece, Spain, Denmark, Russia, and Servia sent printed matter. Austria, with its various polyglot component territories, likewise did not rise above letter and colour press.

The Hungarian portion of the Exhibition was, however, extremely interesting, and richly provided with quaint and peculiar articles illustrative of the present stage of national co-operative development and marked with a distinctively local colour. There were curious tools and implements, wooden spades picturesquely edged with bright, shining iron blades, brooms and besoms such as are made only in Hungary, boots and shoes manufactured by a twofold co-operative process, one society contributing the felt, and the other making it up into boots. Such boots are admirable for wear and warmth, so much so, visibly, as to attract the particular notice of the Hereditary Prince of Saxe-Meiningen,

the brother-in-law of the Emperor William who, when visiting the Exhibition on its last day, gave a special order. Then there were the remarkably characteristic articles of clothing and furniture exhibited by the Szeklers, who trace their descent back to the veritable Huns of Attila, "the scourge of God." Hence the hussar jacket, itself an imitation of the braided garments worn by the Szeklers, as here exhibited, still passes in Germany by the name of "Attila." The furniture shown was most quaint. All the hoes, spades, rakes, stove and household and kitchen utensils exhibited wore a distinctly racy look.

Side by side with these peculiar articles, recalling the past, were agricultural exhibits of the most modern type—models in some variety of grain-storage houses, samples of seeds and specimens of produce, new fashioned implements illustrating to what extent Hungarian agriculture has known how to benefit by research, experiment, and ingenious inventions in Western countries.

One peculiarly noticeable and attractive feature was the fruit and wine stall, artistically arranged, and served by two girls in Magyar costume. All the produce here, some of which was delicious, was free to be "sampled." Some of the wines were of high quality. One kind of Tokay, rich and velvety to the tongue, from the vineyards of Count Dessewffy, sells at 20s. the bottle.

The Exhibition was formally opened by M. Darányi, late Minister of Agriculture, on Monday afternoon, 5th September. A large number of members and visitors were present. M. Darányi's opening speech was as follows:—

"Ladies and gentlemen, the Agricultural Society of Budapest having invited you to hold your International Co-operative Congress at Budapest, I have the honour to bid you a hearty welcome, and greet you on behalf of that Society, the first object of which is to safeguard the existence of modest, humble lives. You are entitled to my welcome, for you have the same objects, the interest of the same classes at heart, and it is your zeal for that interest which has brought you among us.

"However, the Agricultural Society of Hungary has entrusted to me also another task. It has reminded me that on this solemn occasion I must not forget to recall the excellent services of Count Alexander Károlyi, who has done more to champion the co-operative idea in Hungary than any one else. He has acted as pioneer; he has laid the foundations of Hungarian co-operation; he has also cleared the way for State intervention and legislation. May his

disinterested labour be crowned with success! We wish it from the bottom of our hearts.

"It will be of interest to you, ladies and gentlemen, to observe that in this International Exhibition co-operative literature has not remained unrepresented. It will likewise be of interest to you to remark that, although the Exhibition is held in a country which is pre-eminently agricultural, nevertheless the goods produced by industrial co-operative societies preponderate in point of number. This fact reminds us that we must not abandon the small industrial co-operative societies and their work entirely to their own resources in their difficult struggle. In our country, in fact, industrial co-operative societies have a twofold importance and a twofold task to fulfil. They are to bring about equality between the two producing interests of capital and labour; and they are also to impart a stimulus to the development of new branches of industry. Our industrial co-operative undertakings, it is quite true, are, as a rule, less remunerative than agricultural co-operative enterprises; however, their material losses are largely made up for by the moral force which the union of the two producing factors referred to naturally creates.

"Co-operation, however, so you will find, is, in spite of substantial progress recently made, taken as a whole still backward among us in Hungary, so to speak in its cradle. That will explain why we should act with it with that circumspect caution which we habitually observe in dealing with children afflicted with some infantile ailment, when, wishing to cure them, we must take care not at the same time to injure their health permanently. In general in these instances we try to turn to account the lessons which are taught us by the West.

"We have, possibly, something of a right to call upon the West to give us its support, since we may say that during long centuries we have made a firm bulwark of our bodies to protect European civilisation against danger threatening from the East, and that by such means we may be said to have had a share, however small, in the progress which the great nations of the West have achieved in the evolution of co-operation.

"Modern life shows that the clashing of economic interests among nations, so far from abating, is steadily growing greater. However, if there is one province in which common action is not only possible, but also distinctly desirable, it is that of co-operation and the safeguarding of the subsistence of humble lives which is closely associated with co-operation.

May co-operation prove like a great stream which, rolling along, reaches perpetually lower and lower strata, deepening and widening as it advances, and, when well directed and well regulated, conquers from the ground with irresistible force its own permanent bed!

"I beg to thank all those who by their labour and their sacrifices have contributed to the success of this Exhibition. And herewith I declare the International Co-operative Exhibition open."

Mr H. W. WOLFF, Chairman of the Alliance, said in reply:—"M. Darányi, on behalf of the International Co-operative Alliance I beg to thank you heartily for your kind help to our Congress in coming to open this Exhibition. The Exhibition bears eloquent testimony to the excellent work done by the organising committee, and above all to the well-directed labour, judgment, and taste of its director, Dr Horváth. If it is not large, it is on the other hand admirably arranged, truly representative and instructive.

"When Count Károlyi invited us to hold this Congress of all places at Budapest, we gladly accepted; for we felt, as you have well expressed it, that we in the West, who have been permitted to develop co-operation in peace, while the East was troubled with questions of self-maintenance and more rudimentary progress, owed something of a debt to our brethren in Hungary, and not in Hungary alone, but in all the East. Our business and our aim is to extend the realm of co-operation, to purify co-operation where it shows defects, to strengthen it by our support where it is good. Budapest, to which your hospitality has attracted us, opens to us brilliant opportunities for doing this in Eastern Europe. You have practically all the European East gathered around you. People have flocked to your attractive capital from all surrounding countries. You want co-operation. We have come to set up its banner, to plant here a tree which is to shed its useful seed over a wide surrounding area. I have no doubt that the fresh impetus which our Congress promises to give to the co-operative movement in Eastern countries will infuse new life into the movement, and that within a measurable distance of time we shall see your co-operation as extended and as prosperous as our own, for the happiness and welfare of countless millions.

"M. Darányi, once more I thank you heartily for the kind assistance which you have given us in our work by your presence."

## TUESDAY, 6th SEPTEMBER.

### OPENING MEETING OF THE CONGRESS.

In the large hall of the Royal Agricultural Society at Budapest at 9 A.M.

The hall was crowded with delegates, invited guests, and members of the Congress, belonging to a large number of different nationalities.

COUNT ALEXANDER KÁROLYI, President of the Congress, having taken his seat in the Presidential Chair with Count Joseph Mailáth, Mr Henry W. Wolff (Chairman of the Alliance), and Dr Bernát on either side, declared the Congress open.

MR H. W. WOLFF (United Kingdom): Gentlemen, Count Károlyi was nominated President of the Congress months ago by the Central Committee. On behalf of the Central Committee I now move that Count Mailáth be elected Vice-President and Dr Bernát, Secretary, and that, as recommended by the Central Committee, those three gentlemen, together with myself as Chairman of the Alliance, form what is ordinarily called the "Bureau," that is, the officers of the Congress, without any addition of vice-presidents or other officers. I ask you to agree to this by acclamation.

(Agreed to.)

MR H. W. WOLFF: Furthermore I have, on behalf of the Central Committee, to move that the following gentlemen be appointed the Standing Orders Committee for the Congress, namely, Messrs J. C. Gray (United Kingdom), Høgsbro (Denmark), Serwy (Belgium), Avramovitch (Servia), and Count de Rocquigny (France); also that four tellers be nominated at once for the whole time of the Congress, in order that we may apply in divisions taken the method of counting votes which is usual at our British Congresses, and has been found to answer exceedingly well. As tellers we propose Messrs Vivian (United Kingdom), von Elm (Germany), Héliès (France), and Serwy (Belgium).

(Agreed to by acclamation.)

THE PRESIDENT: We are honoured by the presence among us of some very distinguished guests, including, above all, the Prime Minister of this country, Count Stephen Tisza; also the Hungarian Minister of Justice, Dr Alexander Plósz; and M. Géza Makfalvay, Secretary of State in the Ministry of Agriculture, representing the Minister of Agriculture, who is



prevented from appearing by a case of death in his family; furthermore Privy Councillor Dr Ertl, representing the Ministry of Agriculture of Austria; M. Stevens, Director of Industrial and Professional Education in Belgium; Count Pejacsovich, Banus of Croatia; M. Joseph Markus, Prefect of Budapest; MM. Daneff and Gueschoff, late Ministers of State of Bulgaria. I understand that more distinguished gentlemen may be expected during the Congress. Others have sent us their good wishes and apologies for being prevented from attending as they had hoped to do. I beg you to join me in bidding those present a most hearty welcome. (Loud cheering.)

I ask the Secretary of the Congress to read the names of those who have sent letters of apology.

Dr BERNÁT: Letters and telegrams of apology have been received from the following gentlemen:—M. Laszlo Lukacs, Hungarian Minister of Finance; Comm. Luigi Luzzatti, Minister of the Treasury of Italy; Prince Matthias Radziwill; M. Eyschen, Minister of State of the Grandduchy of Luxemburg; Sir Horace Plunkett, K.C.V.O., Vice-President of the Department of Agriculture and Technical Instruction of Ireland; Comm. Dr V. Magaldi, Inspector-General of Provident Credit Institutions in Italy; M. A. Fontaine, Directeur du Travail, and M. G. Paulet, Director of Provident Institutions and Insurance in the French Ministry of Commerce; M. Omer Lepreux, Director of the National Savings Bank of Belgium; the British Commissioner of Labour; Bishop Paul Szmrecsanyi of Nagyvárad; Count Gabor Keglevich; Dr Heiligenstadt, President of the Prussian Central State Bank; M. Micha, Chairman of the Union of People's Banks in Belgium; M. L. Durand, President of the Union of Agricultural Banks in France; M. G. Philarétos, late Greek Minister of Justice; Dr Elias and M. Goedhart, the Hague; Colonel Gerebiatieff, St Petersburg; M. von Koch, Sweden (all members of the Central Committee); M. D. Butculescu, Bucharest; Dr Scheimpflug, Hungary; the Permanent International Peace Bureau; Prof. Dr Vournasos, Athens; M. Nicolas Lebitski, Elisabetgrad, Organiser of Artels in Russia; the Union of Servian Agricultural Banks in Austro-Hungary; the Syndicat des Vignerons de la Gironde; M. Karoly Cserny, of Hungary, and others.

M. LUZZATTI telegraphs to the Chairman of the Alliance: "I regret most sincerely that my official duties prevent my assisting at your Congress, and I fear that my co-operative friends here are likewise prevented. In case of the absence of Italians, I beg you to act as the representative of the

Italian People's Banks and their Federation, which you know so well. Hearty greeting."

Comm. MAGALDI writes: "I want to express my great regret at not being able to take part in your proceedings. The questions placed upon the programme can leave no doubt that the Congress will be successful, and attest its importance. They are a new proof of the fruitful activity of the International Co-operative Alliance. My co-operative soul, rejoicing in all this progress of co-operation, will be with you. I wish you the best results possible."

President HEILIGENSTADT telegraphs: "Illness prevents me."

Prince MATTHIAS RADZIWIŁŁ telegraphs: "My best wishes for your important work, and lively regrets at having to be absent."

M. A. MICHA writes: "For the first time since the International Co-operative Alliance was formed, it is impossible for me to attend its Congress. I regret this sincerely, and beg you to make my excuses to the members of the Congress. In heart I am with you, and shall follow from afar with keen interest your discussions, which cannot fail to prove in a high degree of benefit to the co-operative movement which is so dear to us all."

M. L. DURAND writes: "I am very happy to co-operate within the measure of my power for the success of your Congress. I do so with the greater pleasure, as it gives me a much-desired opportunity of showing my esteem and affection for you and for many of your colleagues, also for the Hungarian co-operators who have evinced so much kind feeling for the *Union des Caisses Rurales françaises*."

Dr BRANECOFF, President of the Co-operative Society "Brotherhood" of Tamboli, in Bulgaria, writes: "We Bulgarian co-operators, being very poor and accordingly unable to take part in the Co-operative Congress of Budapest, send fraternal greetings to all delegates, exclaiming, *Vive la coopération!*"

The Union of Servian Agricultural Banks in Austria telegraphs: "Our best wishes to the International Congress of our comrades. We are satisfied that it will be the means of making the principle of self-help shine forth with all the splendour of its importance, and that it is the principle which will guide them in their labours; for that principle alone can regenerate humanity, make it progress, and secure its future."

M. NICOLAS LEBITSKI telegraphs: "I regret sincerely being unable to attend the Congress, but myself and the

artel of the dock labourers of Nycolajew, which enters upon its active labours this very day by the name of 'artelnaja birscha,' with the representatives and friends of other artels, send our most cordial greetings and our best wishes to our dear brethren of the Congress and all co-operators of the world. *Vive le Congrès!* May co-operation prosper to the joy of suffering humanity!"

THE PRESIDENT: I now invite the gentlemen who are here as invited guests and the members of the Central Committee to take their seats on the platform.

THE PRESIDENT, who was loudly cheered on rising, hereupon delivered his opening address as follows:—

### President's Opening Address.

Gentlemen,—I welcome you in the name of my countrymen, who are happy to receive you, and who desire that you shall feel at home amongst us. We, your fellow co-operators, have to thank you for having opened the way for co-operation, in which we are striving to follow you, hoping to help our people to profit by the lessons your example has given them. It is a great day for us to welcome you amongst us. We are glad to be able to discuss with you the subjects arranged for the programme of the Congress, and which, elucidated by you, will, I am convinced, greatly contribute to the development of co-operation, so greatly desired in the countries of Eastern Europe.

It is no longer necessary to eulogise co-operation; we all know its social, economical, and humanitarian effects. Its beneficent action has made itself felt in Western Europe, where it has attained considerable development; but where the democratic era is of more recent date, or rather, where it is still only developing with difficulty, namely, in certain parts of Eastern Europe, co-operation will have a much greater importance; it will more rapidly conduce to progress in places where progress is still slow.

One of the great men of Hungary, Count Stephen Széchenyi, who became illustrious through the immense influence he had on his country, and who was as great in heart as he was in mind, wrote a book which he entitled "Kelet népe" (the people of the East). In this book he considers the Hungarians, although they are Orientals, to be quite capable of following the progress coming from the West, because their intellectual culture has always been founded upon that of Italy, France, and Germany.

But we had, moreover, our laws, which, centuries before modern parliamentary government, had already prepared this nation for self-government; while our proximity to the Greek Empire, and after the Greeks to the Turks, always reminded us of our Oriental origin, whose vices and virtues we have preserved. Count Széchényi, while pointing out to us the path of progress, invited us to pursue the course he marked out. The transformation he desired has taken place more rapidly in Hungary than in some other countries in the East of Europe, for our historical antecedents had closely united us to the West; and, indeed, co-operation also makes very good progress here. I do not know all the eastern countries of Europe sufficiently well to be able to give an opinion as to the best means to be employed to promote the cause of co-operation in those parts.

I shall confine myself to submitting to you in brief outline, somewhat in the form of a synoptic table, some facts and ideas relating to Hungary, from which it is possible to show you what little has been done, and what we desire to do.

I speak of the present and of the future, uniting them so that they may complete one another better, and hoping, in this manner to indicate more clearly the course I might venture to propose to be followed in Hungary. This table is not made to serve in all its details as a model for other countries; it will be for their delegates to see whether they can draw conclusions from it which may seem to them useful and suitable for application at home.

It is quite certain that co-operation will be received with acclamation wherever it becomes known. It will attain great results in such places as are yet in a backward state. It may further be remarked that, apart from economical advantages, co-operation also promotes to a certain extent the moral and social tone of the people. All the same, it must not be believed that it cannot develop well in the other countries of Eastern Europe. In the course of this speech we must bear in mind that in the different economical situations of the Oriental peoples there are many common features. There cannot be a doubt that the characteristic feature which must most attract our attention is *the usury which is rampant in all its forms*; and it is clear that co-operation will be keenly desired quite as much as it ever has been in Hungary when it is known of what it is capable.

When one occupies oneself with co-operation in this part of Europe, one very quickly notices two facts which come to the front: the first of these is *favourable to co-*

*operation, and that is the feeling of union between man and man.*

It is necessary to remark that in the East of Europe there is a very pronounced sentiment of patriotism among the various nations to be found there. This uniting sentiment is persistent, undying, and is the inspiring force of that sense of joint responsibility which forms the strength of those fraternal ties which the individualistic school has not yet been able to break in Eastern Europe as it has done elsewhere. This sentiment of union, which conduces to combined action, to solidarity, and which constitutes the strength of the populations of the East, will, if you know how to proceed with it, be of great help to you when you wish to promote the cause of co-operation there.

But side by side with this advantage, there is a great disadvantage which I have to point out, and which is unfavourable to co-operation. It is necessary to remark that the great difficulty in the propagation of co-operation in the East of Europe is the lack of economic *savoir-faire*, which can be observed often enough among the rural populations. If we consider the East of Europe from this point of view, we notice that the more we advance towards the East, the more we are able to ascertain that initiative in the management of public affairs formerly showed itself less often than in the West, if it ever came at all, in the lower strata of society: the power of self-government was lacking, and in this respect Hungary perhaps alone can be cited as forming an exception up to a certain point.

In the lack of an adequate middle class, and in the social distance between the governing and the governed, you will notice a great difference between the East and the West.

It is precisely this want of sufficient contact and confidence between governing and governed which tends to make the propagation of co-operation difficult, while if, in spite of the difficulties, it could be introduced in certain places, it would be co-operation which, though very slowly, would finish by overcoming these difficulties; for co-operation is precisely the thing to form this missing middle class, performing a sort of artificial selection, by causing the best of the inhabitants of the villages to be accepted as members of the co-operative societies; and this selection becomes even more obvious, when these co-operative societies, appointing their administrative committees, form the *elite*, which will one day become a governing class springing from the ranks of the people—which I might call leaders of the rural democracy—and which in our day is often insufficient. Co-operation will

make rapid progress when it is understood that co-operation alone is capable of safeguarding the interests of the working classes, and of defending them against abuses of all kinds and against that tendency which strives to substitute cunning for the violence of former times.

It will, perhaps, take time to produce, rooted by the side of altruism, that equity which is the fairest of civic virtues, without which the weak will always remain weak and self-government as well as liberty will be no more than an illusion.

But the first among us, the Equitable Pioneers of Rochdale, have foreseen, like prophets, the day when co-operation would dawn upon us.

Mr Holyoake, their classical interpreter, will tell you what these Equitable Pioneers said, and especially what is to be deduced from what they said: their aim was the purification and regeneration of society and of commercial usages by work, honest, persevering, and disinterested. I tell you, gentlemen, that it is precisely here, in this result of co-operation, that you will find the cause which will bring together the West, up to a certain point, and the most distant part of the East.

It is evident that, apart from the influence of race, historic antecedents and existing social education will, in particular, go to decide the value and rapidity of the progress of co-operation. The nations which at a very early date had relations with the West, and those which long ago were able to unite themselves with them, have a better chance of promoting the progress of co-operation than those who were only able to emancipate themselves much later.

In the majority of Hungarian villages there are enough persons capable of managing an association. It is easy to form one; not much is required, and it is sufficient to imitate what has been done in the West of Europe. But above all it is desirable to make a fresh step forward by introducing co-operation into less important and more thinly populated districts, into poor neighbourhoods where till now it could only be introduced sporadically, and in places where there is absolutely nobody to manage the association because of lack of intelligence, *savoir-faire*, and moral guarantee.

It is precisely in such places that its economic and social results will be much more important than in those where there is already a sufficient number of intelligent men.

Attempts have been made in Hungary, and with success, to form co-operative regional centres, dependent on the co-operative centre, and these branches have shown that

they can obtain favourable results. Unfortunately they have not been sufficiently pushed in that direction, and for that reason co-operation has not made sufficient progress in these backward districts, which are, moreover, not very extensive, and where important results could have been obtained. The co-operative centres and their regional centres would play a very important part here; it would be their duty, through their agents, to find out places where co-operative societies should be formed, because it is not too much to expect that their aims, from the economic and social points of view, can be fully accomplished at no very distant period.

However it is unnecessary to speculate as to the fate of societies newly formed in these unsuitable surroundings. In such backward areas co-operation should be quickly extended. Co-operative societies should be formed only by qualified economic teachers who are in a position to educate the members through the troubles of the co-operative societies during the earlier years of their existence. It should be required in the rules, that during the first ten years of the existence of the said societies, for instance, the office of president should be entrusted to a trustworthy man, or to an employee of the co-operative centre; the same president could manage the co-operative societies of ten or fifteen neighbouring villages; he could even unite in one place and on the same day two or three boards of administration whose headquarters should not be too far apart.

The centre, or rather the branch of the district, should supervise, control, and direct the societies more carefully and scrupulously where the co-operators are not themselves able to direct sufficiently.

In places where usurious debts ruin the villagers, considerable results may be obtained from the credit societies in particular, because a co-operative credit society is able to convert the usurious debts of the villagers a few days after formation of the bank. It is necessary to act with great prudence, so as not to injure the newly-fledged co-operators, and thus keep them away instead of gaining them for the cause of co-operation.

The risk ought to be minimised where the co-operators are not sufficiently able to manage the societies. It will be necessary to eliminate the absolute guarantee, substituting for it a relatively small guarantee. The credit societies, having in the same way to restrict the measure of personal credit which they would grant, could always effect the conversion of the majority of the old usurious debts if the societies arrange to provide mortgage loans for their members.

When once a sense of business has been developed, it will be possible to grant more considerable loans while increasing the degree of joint responsibility.

At the time of establishing a co-operative credit society, or nearly at the same time, it would be necessary to introduce the distributive society, for the village shop is very often the scene of business, transacted on a small scale, but at a high rate of interest. The distributive societies must be propagated to compete in trade, and especially to spread the commercial sense which is wanting.

Later, the associations for sale and production may be introduced, so much the more as the greater part of our efforts at the present time are concentrated upon the development of this branch of co-operation.

There will come a time when the people will begin to understand a little how to manage the associations, not only from the technical point of view, but also from the standpoint of honest commerce; they will then see that to help one another with profit they must be equitable, and that to be strong they must help one another.

This is a great step towards progress, but matters do not stop here: the path which co-operation has followed widens, and after the first years there comes a time when members begin to feel that their economic education is still insufficient, and that it must be developed. Then the mission is incumbent on *the managers of the societies to render possible the social education of the co-operators, by the formation of reading-rooms, village clubs, etc., with special newspapers and pamphlets, by well-arranged lectures and debates on the various needs of the people, on philanthropy, hygiene, science, history, the economic development of the community, on processes of culture and on social development.*

From experience it matters little whether agriculturists and artisans or labourers be united or separated, be in one or several societies: the essential is that they become co-operators; for it is in this way that they will attain their independence by freeing themselves from all tutelage.

We have observed that *the co-operative centres of various kinds, which have rendered great service in western countries, become much more important in countries where co-operation is of more recent origin, and where co-operators have much greater need of advice and guidance. Consequently, there must be formed co-operative centres of all kinds, and we must not be uneasy if we see co-operative centres concern themselves with all these various branches of co-operation or only with a few of them.*



But every co-operative centre ought constantly to bear in mind the aim of all co-operation, and that is *greater social force* through co-operation, *greater economic knowledge* through practical instruction, and moreover a *higher moral development* through the need of being equitable; for although the aim of co-operation may seem to be material, it is not exclusively so; it makes forcibly for a moral state, resulting from a sense of equity, without which co-operation will never tinge morality.

Co-operation leads towards a social state, in which all groups of those co-interested seek to counterbalance their interests, in order to approach the state of tranquillity incident to social equilibrium, while equity will be present to cause this state of things to last longer.

Lift up your hearts, you who have come here; our discussions will not turn on material profit alone, but on higher things. Co-operation is one of the most efficacious means which conduce to the progress for which humanity is longing. It will strengthen democracy by giving citizens the means of becoming independent.

To this end we created in Hungary, some years ago, a *special centre to propagate the knowledge necessary to raise the intellectual level*: from this society, *Gazdaszövetség*, we hope soon to obtain good results.

We hope at least that from this intellectual centre of the propaganda of progress will be propagated, by means of literature and lectures, the general knowledge so useful to the rural population, who for the most part are burning with the desire to be taught. This knowledge will be appreciated by those people who are afraid of men who come from the East or the West to do business and to exploit them.

Do not send men there to exploit, but men to teach them how to defend themselves against exploitation, by driving back usury, by well organised co-operative competition; tell them how to organise themselves so as to become stronger, that they must become better informed, and then those whom you send will be no longer enemies but friends.

One must learn to be judicious and tactful, to adapt oneself to circumstances, to the degree of culture and intelligence, and to the thousand social exigencies which will very soon make you understand that a certain policy has to be followed. This policy always tending to the same end, that of *the moral and material progress of the people*, will continually vary in its forms and application. Imprudence and want of *savoir-faire* are therefore excluded.

It is not through systematically-framed rules that we

shall attain success, but it is the clever and zealous man trained in our school who will succeed, and not municipal administrations, any more than the State, which is capable of suppressing every germ of private initiative.

*It is not State socialism that we want, but liberty.* It is true that we shall have to mark with black dots the map we should have to prepare for the service of co-operation. These black marks would show where there is still wanting a middle class favourable to us. These are naturally just the places where it is desirable to invoke the intervention of the State to achieve progress.

This intervention must, however, be restricted as much as possible, because we do not look for a State functionary, but for an apostle of the cause. Now the State has never had an apostle in its service.

Governments in countries where private initiative is still weak, are very quick to adopt *State socialism* in order to secure progress and to make themselves stronger.

The man who is accustomed to liberty finds fault with this. But however bad State socialism is if badly directed, when, instead of accustoming people to liberty, it alienates them from it, we must agree that to initiate an idea, to make it morally influential, State socialism by its authoritative procedure has a great chance of succeeding, especially in countries where private initiative is still non-existent. We should desire that State socialism should finally result in guiding, perhaps in spite of itself, towards self-help, and we should dread a contrary result.

The partisans of State socialism should remember the words of a prominent man who, when enumerating the results obtained in Ireland, said, if I rightly recollect, that men must be taught to do without officials, and he was right. *A centre of propaganda* formed on the basis of free associations, seeking to preserve co-operation in its most perfect and most ideal form, and to propagate true principles in the administration of business, to spread knowledge among the co-operators, and supported by the State,—granted these conditions, what we ought to desire is, *that the State give us money, that the legislature make us favourable laws, and that the civil administration issue orders favourable to us.* But, on the other hand, do not let the State fetter and kill individual initiative.

I should, as you see, like the State to assist private initiative. But now let us examine what are the conditions that should be observed.

The support of the State should be in proportion to the

useful effect that co-operation will be able to produce; but such support should be extended only so long as the citizens are not able to manage for themselves, and as long as it is necessary for the promotion of the economical and social development of the people in their capacity as members of the society. The union of co-operative societies should be entrusted with the revision of the accounts of those societies which have no central society, or only such as a court of law or the administrative authorities would trust with this revision.

The effects of co-operation are of two kinds: there are economical results, and there are those which raise the co-operators socially and morally.

The State should first aid those societies which let their members participate in both the advantages they can give. Next, the State should favour those societies which give their members one or the other of these two advantages. In general, there must be taken into consideration the difficulties which must be surmounted to spread co-operation, and particularly the difficulty the co-operative centres find in maintaining their existence by reason of the expenses incurred in spreading co-operation.

The State should find in the co-operative centres and in the federation of co-operative centres a sure auxiliary, which would submit to it its proposals as to the aid it should give to co-operation as much by subsidies as by administrative measures. We wish to have the control of societies which would offer economical advantages, and also a centre whose work would be to support co-operation in its ideally perfect form, to teach people business methods and so increase the knowledge of the members.

Both kinds of co-operative centres should enjoy, as far as necessary, State help. This could be given in the form of subsidy, laws or ordinances protecting the society.

We desire to form in Hungary a *federation of co-operative centres* which should be our Areopagus; it would be composed of delegates chosen by the co-operative centres and by all the great co-operative associations.

We have all the more need of this federation of co-operative centres, for the *Gazdaszövetség* while supporting the co-operative movement has at the same time other ends to attain. It is therefore necessary that Hungarian co-operation put the crowning-piece to its organisation, by forming a federation of co-operative centres, like, for instance, the English *Co-operative Union*, which is the moral force that accelerates, steadies, and directs the development of co-operation. It is for this federation to indicate the form which co-operation

should take. It should encourage them to defend themselves against those who wish to hinder our cause. It must, moreover, steady those who would be too zealous. It must have tact, *savoir faire*, and the moral courage necessary to obtain the greatest possible development of co-operation. It must take the measures necessary to adapt to local exigencies and to the progress of intellectual development the generally recognised and most useful arguments.

The federation should be composed of the *élite* of co-operators, for if otherwise its prestige would be lost and the whole institution would be useless. Only in such case could its Parliamentary Committee have the desired weight, and the State, the various administrations and the different co-operative societies would listen to its advice and consult it.

The federation of co-operative centres should be charged with the revision of the accounts of the associations which the courts or the civil administration should delegate to it. All those who direct co-operation should always remember that when once co-operative societies have been formed, their members should become the mainstays of rural democracy, which is steadily making headway. They must not forget that all political, religious, or social parties have been benefited by co-operation, like a man who, working, makes use of a well-constructed instrument. In the long run, however, it is always the democracy which profits by it, for in its essence and by its nature co-operation is the instrument of democracy; by co-operation democracy is raised.

In the West this fact exists just as much as in the East, only where democracy is of ancient date people take no account of the fact; whilst where it is still new, co-operation, if it be propagated in those parts, comes to its help, fortifying it, and the wise observer will quickly notice the progress of democratic ideas.

Co-operation is the mean between Capitalism and Socialism—between that excess of economic liberty demanded by Capitalism and the excess of restrictive legislation and lack of liberty provided for by Socialism.

Co-operation is opposed to the excess of egotism of the first, and to the exaggerations inversely of the second: it endeavours to reconcile these two antitheses which when united end in social peace, whilst left to themselves they lead to discord, menacing the future of democracy.

Co-operation is at the same time an instrument of Conservatism and Progress: it connects property and the proprietor with labour and the artisan, and it helps by these economic advantages the development of the labour interest

and the protection of the weak. It is this general need for becoming stronger in order not to succumb in the truceless struggle which everywhere leads to the union of those having interests in common. We have entered into the period of the coalition of groups and of nations with common interests.

These groups everywhere take different forms, but the principle of co-operation dominates them all. It is in the equilibrium of forces of these different social groups and in the choice of loyal weapons whenever it becomes necessary to struggle, that the guarantee of social peace lies: where these forces clash, social peace disappears and the law is to the stronger. This will be the *væ victis*—but there is in the human heart a pure sentiment, one stronger than the conqueror, stronger than the social cataclysm—equity, which, down-trodden and abandoned for a time, will nevertheless live in men's souls to lead them to justice and social peace. Thus co-operation propagates equity.

Gentlemen, I add, moreover, in resuming, that in Hungary it is not only material advantages that we have desired to guarantee to the people, but we have desired that they should profit by other advantages of a higher order. You will be able to reflect alone upon the results we have obtained, and I can affirm that the second part of our mission, the economic and social education of our people, will be more difficult to accomplish than the first.

Rather are we still very far from this end, but we wish to attain it, and we shall be very grateful to our *confrères* from the West for the advice that they may give us whilst we await with impatience that which our friends who have come from the East will tell us regarding their tendencies and the difficulties they encounter. I believe that this noble striving to discover the ultimate good will form the best part of the discussions of the Congress.

At first it will be the credit associations, then the distributive associations, then the associations for sale will deliver the producer from dependence upon middlemen, and finally the work will be done by the productive associations. Side by side with this we need co-operative centres of all kinds to control and to direct, extending throughout the whole country or only in some parts of it. Finally, as the crowning work of the edifice of co-operation, there will be a federation of co-operative centres; and this will be, we believe, the road which will lead us to the economic and social development of our people. This federation should unite those various groups of organisations which, taken together, are united under that banner of Peace which you

have this day planted upon the banks of the Danube, in the desire that its presence may teach the peoples of Eastern Europe in what consists that progress which will maintain social peace.

Thank you, gentlemen, for having come so far to discuss these subjects, to spread your ideas in the East of Europe for the great good of humanity, and especially for the good of co-operation in Hungary, which we have the deepest conviction will find valuable support in the development of co-operation in neighbouring countries. Thank you for coming to give us your advice and to show us what must still be done to bring the work to a successful termination. By coming you have done a meritorious action, and we shall cherish feelings of gratitude towards you.

The President resumed his seat amid loud and continued cheering.

MR H. W. WOLFF: The President having opened the Congress with what you will all agree to have been a magnificent address, giving proof of noble sentiments and an ardent zeal for co-operation—(Renewed cheering)—I have a duty to fulfil as official spokesman of the Central Committee. I ask you to join with me in a hearty expression of thanks to Count Károlyi and all the Local Organising Committee for their organising work, which has resulted in our being placed in possession for the term of our Congress, thanks to the kind hospitality of the Royal Agricultural Society of Hungary, of a magnificent meeting-place, with literally all our various wants liberally provided for, moreover, of a truly ideal hall for our co-operative exhibition, admirably arranged by Dr Horváth, and otherwise in excellent arrangements. I beg you to express your acknowledgment by cheers. (Cheers.)

Next I have to submit to you, likewise as spokesman of the Central Committee, the Report of the Bureau Directeur, which has, by a resolution adopted yesterday, become the Report of the Central Committee. The Report is as follows :—

### **The Central Committee's Report.**

“The number of new organisations which have joined the Alliance since our last Congress may be taken as a welcome sign of growing interest felt in the Alliance among the world of co-operators. No doubt our meeting at Budapest will make the Alliance still better known, and secure us additional recruits, more specifically in eastern countries, as the announcement of our Congress has already done in advance.

The number of new societies which have become members of the Alliance since July 1902 is 98 (in addition to three new individual members). One or two more who applied for election have had to be refused, because they were reported by members of the committee of their country not to be, in the fullest sense of the word, co-operative.

"We have had other evidence of interest taken in the Alliance outside its own circle. Information and literature have been repeatedly applied for, and there is reason to believe that some of the information given for practical purposes will help to promote the spread of co-operation and social progress abroad.

"We have also been repeatedly asked to put co-operative producers in touch with a market for their wares. In this respect we hope that the register which we have prepared of co-operative offers, which the English Co-operative Wholesale Society has kindly promised to consult, will prove of service. The Co-operative Wholesale Society has met all our advances made on behalf of co-operative societies with great kindness and readiness, and in some cases business has resulted. If, however, more business is to be done, it will be necessary that such societies as offer their goods should describe them accurately, and provide them of good quality. In one case the Co-operative Wholesale Society has been put to considerable loss of travelling expenses and time by inaccurate description.

"The change in our rules decided upon at Manchester has lost us some individual members, but has, on the whole, been applied smoothly. Several former individual members have become donors, that is, have continued their subscriptions without remaining entitled to exercise any rights. Among the countries which supply us with members we have recognised four as so insufficiently organised as to warrant the admission of individual members, namely, Australia, the United States, Russia, and Greece. All the remaining seventeen may be said to have complied with the new rule. There remains, however, one member of the Central Committee who has not fulfilled his formal promise to obtain a nomination as delegate. Neither has he paid his subscription for two years. The Central Committee or the Congress will have to decide what to do in his case.

"A number of British members of the Alliance, including members of the Bureau Directeur, have given notice of an amendment of the rules, which they intend to move at the Congress, relating to the election of new members of the Alliance. The old rule has not worked satisfactorily.

Under it the Bureau Directeur, before electing any applicant, is required to obtain an opinion favourable to his election from the majority of the members of the Central Committee of his country. There are, however, countries returning only one member to the Committee, and some altogether without. And whether there be one or more, our experience is, that they very rarely reply to our request for an opinion. Several very awkward cases of this kind have occurred, when, in spite of our repeated requests, we have been left entirely without news. One member of the Central Committee has also declared that whatever the rules may lay down, he will vote for the election only of *Unions* of societies, not *single* societies. In face of all this an alteration is evidently necessary. The proposers of the amendment believe that their motion will meet the case, removing an obstacle which was never intended, and yet giving the fullest possible scope to objections.

"Our income has slightly receded. It was £400. 6s. 10d. in 1901-2, £359. 17s. 11d. in 1902-3, and only £349. 14s. 11d. in 1903-4. This is partly owing to the discontinuance of some individual members' subscriptions. It is, however, a matter deserving of attention, all the more since we have additional expense forced upon us as we go on. Some street alterations in London have compelled us to remove to rather more expensive quarters, and to provide additional office furniture. The publication this year for the first time of Congress papers, the Congress Report, &c., in German, as well as in English and French, means a heavy addition to our Congress expenditure, all the more since the volume, full of interest as it is, turns out exceptionally heavy. The Congress publications also require more clerical labour, which has to be paid for, and more travelling expenses. Our correspondence keeps increasing, and we are under a promise to bring out a printed Co-operative Bibliography.

"We want to point out that although some of our members, more particularly the Swiss Co-operative Union, the Dutch Co-operative Union, and the Union of German Distributive Societies, have generously raised their regular subscriptions in token of their interest in the Alliance, most societies belonging to the Alliance still subscribe only the bare *minimum* of 10s. per society. Not satisfied with this, some National Sections make deductions for "correspondence and postage" in the collection of subscriptions, which deductions in one case amount to 5 per cent., in another to nearly 7 per cent. of the whole. At the present time still nearly 70 per cent. of our entire income, that is, £214. 14s. 6d. out of



£349. 14s. 11d., is subscribed in Great Britain. Germany follows next with £42. 17s. 10d. (but some of this is for two years), France with £19. 1s. 4d., Holland with £18. 5s. 8d., Switzerland with £11. 17s. 6d. We would put it to members if the co-operative cause is not worth a greater sacrifice.

"The financial year closes with £492. 1s. 6d. balance in our hands. However, some of this is already pledged for office furniture undelivered on 1st July, and other items; and the three Congress Reports, which are, as observed, exceptionally heavy, threaten to leave us little over. However, a special effort appeared to us to be called for in view of our meeting at Budapest, in the centre of the European east, where co-operation is very badly needed, promises to be exceedingly useful, and is still terribly backward. The interest shown in the Congress proceedings by eastern nations and the numerous promises of attendance which we have received from many countries, lead us to believe that the occasion will justify the effort, and that at Budapest we shall help the cause of co-operation forward very materially, as no other agency could do, rendering therefore precisely the kind of service that the International Co-operative Alliance was created to render.

"The Co-operative Bibliography, of which we spoke in our last annual report, has not yet been published for want of some indispensable contributions. Very much interest has been expressed in the forthcoming work, not only in co-operative but also in economic and literary quarters, and there can be no doubt that the publication would be greatly appreciated and prove useful and valuable. We sincerely regret that the co-operators appealed to should have shown themselves remiss in helping so good a work forward. However, without a bibliography of France and of Italy, and of agricultural co-operation in Germany, we should be held to have done wrong in publishing the rest. We hope that in those countries gentlemen will still supply what is wanting. If that be done, we have no doubt that we shall be able to obtain supplementary matter from those who have already kindly assisted us to bring their contributions up to date.

"The question of an intercongressional meeting of the Central Committee was brought forward last year. The difficulties in the way seemed insuperable. The matter may be discussed by the Central Committee at Budapest.

"The members retiring from the Central Committee by rotation this year are the following:—Messrs Wrabetz, Micha, de Boyve, Ladousse, Gide, de Rocquigny, Elias, Luzzatti, Guasti, Gerebiatjeff, von Koch, Müller, Gray,

"The Alliance has, as observed, changed its quarters. Its address now is 22 Red Lion Square, London, W.C."

I would call your particular attention to the passages referring to the state of our finances. Do you agree to the adoption of this Report and also of the Balance-Sheet annexed, which is as follows:—

OF THE

**From 1st July 1903 to 30th June 1904.**

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**BANKING ACCOUNT.**

|                      | £          | s.        | d.        |                      | £          | s.        | d.        |
|----------------------|------------|-----------|-----------|----------------------|------------|-----------|-----------|
| July 1, 1903.        |            |           |           | June 30, 1904.       |            |           |           |
| To Balance in Bank - | 353        | 11        | 11        | By Withdrawals -     | 226        | 12        | 4         |
| June 30, 1904.       |            |           |           | Balance in Bank—     |            |           |           |
| Cash Deposits -      | 359        | 17        | 7         | Current a/c £242 1 6 |            |           |           |
| Interest on Deposit  |            |           |           | Deposit a/c 250 0 0  |            |           |           |
| Account -            | 5          | 4         | 4         |                      | 492        | 1         | 6         |
|                      | <u>718</u> | <u>13</u> | <u>10</u> |                      |            |           |           |
|                      |            |           |           |                      | <u>718</u> | <u>13</u> | <u>10</u> |

**LIABILITIES AND ASSETS.**

|                        | £          | s.       | d.       |                   | £          | s.       | d.       |
|------------------------|------------|----------|----------|-------------------|------------|----------|----------|
| To Accounts owing, 1st |            |          |          | By Cash in Bank - | 492        | 1        | 6        |
| July 1904 -            | 14         | 10       | 9        | " Cash in hand -  | 10         | 0        | 0        |
| " Balance Assets over  |            |          |          |                   |            |          |          |
| Liabilities -          | 487        | 10       | 9        |                   |            |          |          |
|                        | <u>502</u> | <u>1</u> | <u>6</u> |                   |            |          |          |
|                        |            |          |          |                   | <u>502</u> | <u>1</u> | <u>6</u> |

6th July 1904.—Audited and found correct.

A. WHITEHEAD.

(The Report and the Balance-Sheet are adopted by acclamation.)

In the next place I have formally to move, on behalf of the Central Committee, an amendment to the Rules of the Alliance proposed by myself and other British members, namely, Messrs J. C. Gray, D. M'Innes, W. Maxwell, F. Hardern, F. A. Ciappessoni, T. Redfearn, E. Booth, J. Deans, H. Vivian, R. R. Prynne, and R. Warne. That amendment was approved yesterday by the Central Committee and has thereby become its proposition. The amendment has been rendered necessary by certain grave inconveniences arising under the present rules with respect to the election of members. The present rules are as follows:—

CLAUSE 3.—The International Co-operative Alliance shall be a Union composed, so far as is possible, of co-operative societies and organisations. In respect of countries in which co-operation is, in the opinion of the Central Committee, still so insufficiently organised as to warrant such course, it shall be within the power of the Central Committee to elect individuals as members of the International Co-operative Alliance. Such individuals shall have the same rights as members delegated by societies, except that they shall not be entitled to vote singly at Congresses. It shall, however,

be within their power to appoint one representative, to exercise the right of voting, for every ten or an excess fraction of ten members.

**CLAUSE 4.**—No group, federation, society, or individual person may become a member of the Alliance unless admitted as such, on the recommendation of the majority of those members of the Central Committee who represent the country to which such organisation or person belongs, by resolution of the Executive Committee in London to be constituted as provided for in Clause 29 of these present Rules.

We propose that they should be amended as follows :—

**CLAUSE 3.**—The International Co-operative Alliance shall be a Union composed, so far as is possible, of co-operative societies and organisations. In respect of countries in which co-operation is, in the opinion of the Bureau Directeur, still so insufficiently organised as to warrant such course, it shall be within the power of the Central Committee, or of the Bureau Directeur acting on its behalf, to elect individuals as members of the International Co-operative Alliance. Such individuals shall have the same rights as members delegated by societies, except that they shall not be entitled to vote singly at Congresses. It shall, however, be within their power to appoint one representative, to exercise the right of voting, for every ten or an excess fraction of ten members.

**CLAUSE 4.**—The election of new members of the International Co-operative Alliance shall be by the Congress or the Central Committee, when in session, and at other times by the Bureau Directeur, after taking the opinion of all members of the Central Committee at their usual addresses. No election by the Bureau Directeur shall be valid which does not allow four weeks from the posting of the notice of an application made to the members of the Central Committee for reply. Any objection raised against a proposed election shall be at once communicated to all members of the Central Committee, and their vote shall be taken upon the application, four weeks being once more allowed from the posting of the notice for the sending in of their votes. During the last four weeks preceding a Congress it shall be lawful for the Bureau Directeur in its discretion to elect societies or individual members, as laid down in Clause 3, provisionally, subject to confirmation by the Central Committee in its first sitting during the Congress.

An appeal from the decision by the Bureau Directeur shall lie first to the Central Committee, when in session, and from that body to the Congress.

Do you agree? (Approved by acclamation.)

I have another matter to bring before you. King Edward has been pleased to nominate our Honorary President, Earl Grey, Governor-General of Canada. I ask you to authorise me to tender to Earl Grey, whom you know to be a good and zealous co-operator, our hearty congratulations upon the distinction which it has pleased the King to confer upon him, and to wish him success in his discharge of his new office. I do so not without a view to certain benefits to be expected for our cause. Co-operation has already gained something of a footing in Canada. My friend, the Hon. Alphonse Desjardins, M.P., has started the first Canadian Co-operative Bank at Lévis, a suburb of Quebec. It is reported to be doing so well that the Government has in consequence decided to make its merits known by means of a propagandist pamphlet printed and distributed at public expense. The establishment of co-operative credit and land settlement are also being attempted in British Columbia under the auspices of Mr Gosnell. Other co-operation, productive and distributive, is stated to have found its way into the Dominion. With a pronounced co-operator at the head of affairs, we may expect to see co-operation spreading, and we may well communicate our hope that this will be so to the new Viceroy. (Approved by acclamation.)

In conclusion, I am asked by the Secretary, who credits me with more powerful lungs than Nature has given him, to make the following announcement:—The co-operative societies of Servia—which, I may say, are doing admirable work in their country under the guidance of our friend and brother member, M. Avramovitch—have invited as many of us as can manage to go to visit Belgrade, and afterwards to attend their annual Congress at Vrnja. Arrangements have been made for an excursion at reduced prices, either to Belgrade only, or else to Belgrade and Vrnja. However, we must ask those willing to take part to advise the Secretary without fail up to one o'clock to-day.

The PRESIDENT: I call upon Dr Hans Müller to summarise his opening paper on the first question of the programme.

Dr HANS MÜLLER (Switzerland) delivered a summary of the following paper:—

## Organisation and Work of Co-operative Distributive Societies in Rural and Semi-Rural Districts.

Co-operative retail societies are frequently thought to be dependent for their success upon the thick smoky atmosphere of towns and industrial districts, and as incapable of developing in the pure air of the country in the midst of meadows and cornfields.

This notion which, if correct, could not but gravely compromise our movement, is evidently the outcome of the fact that hitherto it has only been possible to encompass industrial districts and trade centres with a thick network of co-operative organisations, whereas the population engaged in farming and other agricultural pursuits have hitherto always managed to evade our grasp.

It is indisputable that up to the present the industrial working classes have been the chief supporters of the co-operative movement.

In England and Scotland, those classic countries of co-operative retail societies, our movement bears the character of a decided "Working-Men's Movement." In Germany, Belgium, France, and many other countries, the co-operative societies have also set up their headquarters in towns and in the midst of the working population.

Does this, however, give us the right to take for granted that co-operative retail societies must necessarily be situated in towns and industrial quarters in order to attain a vigorous development, and that the boundaries of a village and of farm-settlements form for them an impassable barrier?

Fortunately we need not make use of long theoretical deductions in order to refuse such a notion, but can point out a series of facts which show indubitably that the rural population is accessible to co-operative organisations, and that the conditions necessary for their development are often found amongst country folks in a much higher degree than amongst the inhabitants of our great towns. Denmark and Switzerland, and just recently Finland, prove that great success can be gained by co-operative retail associations in rural and semi-rural districts, and that the peasant is in every way as well qualified for a co-operator as a mechanic.

Let us first discuss the facts and experiences of the *Danish co-operative movement*.

To my regret I am not in a position to report on my own experience, but must go by the information given partly by Danish, partly by foreign co-operators on retail co-opera-

tion in rural Denmark. I feel myself all the more safe in doing so, as I may hear my statements supplemented by the Danish delegates whom we shall have the pleasure to see taking part in our Congress.

The first Danish co-operative retail society, which was composed of workmen, and first saw the light of day in the country town of Thisted, was founded late in the year 1860 at the instigation of a gallant pastor named Sonne, in consequence as it appears of the incentives received at different times from England. In spite of all the enmity the new society had to encounter it thrived, and soon found many emulators. Amongst the latter the peasants were the most teachable and the most successful. While the co-operative retail societies founded by town workmen were pursued by misfortune and in most cases soon disappeared again, the peasants' co-operative societies in the villages maintained their ground bravely.

An enumeration of the co-operative retail societies in Denmark in the year 1892 showed the existence of 547 rural, and 5 town co-operative retail societies. Six years later the number of rural societies had mounted to 829, whilst the number of those in towns had not gone beyond 8. Even to-day, when the number of Danish co-operative retail societies is estimated at a round thousand, the proportion indicated above has undergone no material change.

We find ourselves, therefore, face to face with the remarkable fact that the great Danish co-operative retail society movement is almost exclusively a peasants' movement, that it has struck root in the rural communities of the country.

The total number of families belonging to co-operative retail societies is estimated at 140,000 to 150,000 at the lowest, which would mean about 700,000 to 800,000 persons, or one-fourth of the whole population.

The sales of the co-operative retail societies to that part of the population have not been statistically determined. It may, however, be taxed at the minimum sum of 35 million kronen (Danish), as in the case of 699 societies the turnover for 1903 was found to have amounted to 34,554 kronen. According to that the sum of 240 to 250 kronen may be said to represent the annual purchases of each single member, a considerable amount for a rural household.

The Danish peasants were, however, not satisfied with only co-operative retail societies; they have climbed successfully to the higher stage of the co-operative principle, and founded a *Union for wholesale buying*.

After two unsuccessful attempts made in 1871 and 1884, a Wholesale Union was founded in 1888, especially (at least for the time being) for the societies in the peninsula of Jutland. Since then it has developed with marvellous success, and has extended its offices as a wholesale purchasing association to the whole of Denmark.

At first only 28 societies belonged to it, but in the first year that number mounted to 35. In 1890, 73, in 1895, 200, in 1900, 523, and in 1904, 915 societies were members of the Union, by which we see that over nine-tenths of all existing Danish co-operative retail societies have already joined the Wholesale Union.

This progressive extension was accompanied step by step by the economic development of the Union named the "Faellesforeningen for Danmarks Brugsforeninger." It began with the modest turnover of 136,552 kronen, which mounted already in the fourth year (1891) to one million, and has ever since gone on rapidly increasing. Last year the turnover was nearly 20 million kronen. This most recent figure shows that the co-operative retail societies now belonging to the Wholesale Union purchase from it nearly all they require, thus giving an admirable example of genuine co-operative fidelity.

According to a statement received from Denmark, the turnover of the Danish Wholesale Union is divided in the following manner amongst the different classes of goods:—

|                       |   |   |               |         |
|-----------------------|---|---|---------------|---------|
| Colonial goods        | - | - | 14,203,905.00 | kronen. |
| Manufactured articles | - | - | 1,248,417.00  | "       |
| Hardware              | - | - | 1,159,504.00  | "       |
| Seeds                 | - | - | 822,062.00    | "       |
| Roasted coffees       | - | - | 730,447.00    | "       |
| Chocolate             | - | - | 187,634.00    | "       |
| Tobaccos              | - | - | 147,294.00    | "       |
| Sweetmeats            | - | - | 75,854.00     | "       |
| Tea                   | - | - | 66,068.00     | "       |
| Cycles                | - | - | 36,239.00     | "       |

We see clearly from the above table that the Danish co-operative societies do not only furnish agricultural raw materials, but that they are real co-operative retail societies. To be sure they furnish seeds, provender, manure, and agricultural machines and implements, but their activity is chiefly turned towards the procurement of articles for the supply of household requirements.

That feature of their activity has enabled the Wholesale



Union to erect factories for the production of aliments and sweetmeats. In Kolding an establishment for the roasting of coffee, and another for the manufacture of chocolate and sweetmeats, was founded.

Then two years ago the preparation of tobacco and the manufacturing of cigars was introduced in Esbjerg. Since then all four factories have been considerably enlarged. The value of self-produced articles amounted in 1903 to  $1\frac{1}{2}$  millions of kronen.

More than 300 workmen were employed in the above-mentioned factories, which yielded excellent financial results, showing last year a surplus of 183,000 M., i.e., more than 10 per cent. of the productive value.

"If the goods produced," remarked Herr Severin Jørgensen, the President of the Danish Wholesale Union, in an address, "had been purchased at the lowest wholesale prices, the Union would have had a surplus of 96,000 M., therefore the profit gained through our self-production amounts to 87,000 M."

On the whole, the Danish Wholesale Union is not only the largest and most important commercial enterprise in Denmark, but also, from a financial point of view, the most successful Union formed of co-operative retail societies in the whole world, with the exception of the proportionately larger surplus yielded by the Scottish Wholesale Society. In 1903 there was, according to the report of Herr Jørgensen, a gross surplus of 1,360,000 M. on a turnover of 22 millions of marks. There remained a nett profit of 880,000 M., or 4 per cent. As a rule one-third of this surplus is employed to augment the reserve fund, which amounts at present to over one million, and for the amortisation of the Union's premises, while two-thirds are repaid to the members in proportion to their purchases. On some of the goods no repayments are made.

The value of the ten warehouses situated in Copenhagen, Odense, Aarhus, Esbjerg, and five other places, was taxed on 1st January 1904 at 2,000,000 M.; it had therefore turned eleven times in one year.

At the present moment the Danish Wholesale Union is about to erect several new factories—amongst others a soap manufactory—on a piece of land recently purchased. It has further bought up extensive lots of land in Lyngby, a suburb of Copenhagen, which, together with other ground rented in the same place, is to be employed as a field for experiments in seed-production.

With all its devotion to economic interests, the Danish Union does not, however, neglect co-operative education. At

the public high school in Störving it arranges instructional courses for the Board members, auditors, and managers of its constituent societies. These courses, which take place twice a year and generally last one week, comprise the following subjects: Bookkeeping, theory and practice of co-operation, and knowledge of mercantile wares. The lectures are followed by an open discussion, in which all partakers join. The attendance at these courses, during which the pupils have to pay 12 K. for board and lodging, is always large. As Herr Jørgensen remarks, the courses do much good, especially in inculcating the partakers with co-operative ideals, and opening their eyes to the great importance of the co-operative movement both in economic and moral respects.

The rural co-operative retail societies of Switzerland came into existence later than those of Denmark, their origin dating hardly twenty-five years back. The first that appeared on the scene were the outcome of co-operative supply associations.

The agricultural co-operative supply associations were of older date. Already in the seventies some peasants of the Cantons of Zurich, Aargau, and Lucerne had formed amongst themselves small associations for the purchasing of manure, provender, and agricultural implements, saving thereby considerably. They did not, however, for the time being, attempt to purchase provisions.

The extension of co-operative activity was indeed often flatly prohibited, which is explained by the fact that amongst the members of the agricultural co-operative societies it was by no means a rare thing to find a peasant conducting a grocery or an inn in addition to his farm work.

Meanwhile there were other co-operators who could not understand why the co-operative society should not supply them more cheaply with coffee, soap, and sugar, seeing that it was able to furnish them successfully with all sorts of agricultural implements at reduced rates. The first to find a way out of the difficulty, and take the first steps towards founding an agricultural co-operative society, were the peasants of the district of Winterthur in Canton Zurich.

Several of the existing co-operative supply associations of that place, who again had formed amongst themselves a so-called District Association, an alliance whose committee exercised but small power, had begun to purchase coffee on a small scale, and had met with satisfactory results. From this side the suggestion was now repeatedly made that the District Association should also undertake the purchasing of coffee for the different local co-operative societies. In the year 1885 the Board of the District Association was eventually

entrusted, by way of trial, with the purchase of that important article.

The *Schweizer. landwirthschaftliches Centralblatt* reports on the further progress of the affair in No. 33 of the year 1886, as follows:—

“The minority of the Board members had many scruples with regard to executing such an order, fearing that in attacking too many interests within and without of the District Association and of the local societies they would gain for the former many enemies. It seemed to the minority that the acceptance of such vast business was likely to materially jeopardise the further peaceful development of their association, and that the daring step was for once too daring. The majority of the Board members decided, however, to take cheerfully upon themselves the consequences of the association idea, and counting on the good luck which had hitherto attended their efforts, to venture a first attempt. 117 sacks of coffee in three qualities, and costing 10,480 francs, were purchased and delivered. In the space of four weeks the whole transaction was concluded to the satisfaction of all concerned, and reliable evidence showed that a total saving of 5,000 francs in favour of the consumers had been effected.”

When the peasants belonging to the co-operative supply associations in question saw that coffee procured co-operatively was one-third cheaper than when purchased in the usual manner, they eagerly approved the idea of making an essay with other articles.

In order, however, to be able to work the newly-opened field of activity for the supply of articles of consumption and articles of daily requirement through the medium of co-operation, the organisation of the Winterthur District Association had to be placed on a broader basis. It was necessary to replace the alliance of the local co-operative supply associations by a firm tie, which would guarantee a certain unity even in times of non-success. The Board of the district society therefore moved that the sections should form a new co-operative union founded on a legal basis. Such a one was constituted on the 17th of October 1886 in Winterthur, under the name of the “East Swiss Agricultural Co-operative Union” (*Verband ostschweizerischer landwirthschaftlichen Genossenschaften*).

Thus the rural co-operative retail and co-operative supply movement was given a firm centre and a vigorous central organisation before it itself could boast of any extensive development. In a corresponding degree the “Union”

exercised a lasting influence on the formation of agricultural co-operative societies in Switzerland.

Before, however, going into the subject of its activity, it is necessary to become acquainted with its constitution, the main features of which have remained unchanged until the present, and show the following fundamental provisions:—

1. Societies desirous of joining the "Union" must be co-operative societies. They must be registered in the commercial book, and be such as exact the unlimited liability of their members for their engagements.

2. Societies belonging to the Union must be jointly liable to the creditors for a certain amount, which is at present 300,000 francs, but which at first was fixed as low as 100,000 francs.

3. Societies belonging to the Union shall, to the full of their requirements, purchase from the Union all such goods as the Union undertakes to procure.

4. The direction of the Union's affairs was provided for by the nomination of a Board consisting of nine members, who were to be elected from time to time at the delegates' assembly.

As will be seen, the young Union imposed on its members weighty conditions and hard provisions. Its founders were evidently of the opinion that if the peasants did not recognise the oneness of their interests sufficiently to accept the conditions made them, the Union could not exist at all. If, on the other hand, they intended seriously to stand by the Union, then they too were expected to bind themselves to it in such a manner as to secure its continuance.

Experience has proved that this standpoint was, at any rate for the commencement, fully justified. Thanks to its organisation, the Union was able to tide over all the difficulties attendant on the first period of its existence, and it has succeeded in gradually attaining a broader basis.

Of course nobody will be surprised to hear that all the members of the District Association did not join the newly-founded Union. Still, out of 21 societies, 16 applied for membership. Then the Union received recruits from various newly-founded co-operative societies, so that at the end of the first year the number of its members was raised to 38. Nearly all of these co-operative societies were, however, small, the number of each society's members amounting on an average to about 40 or 50, and its turnover, which was correspondingly small, to about 10,000 to 20,000 francs. The principal part of that sum was laid out in agricultural raw materials. It is therefore not surprising to hear that the

Union's first annual account showed a turnover in manure, seeds, and agricultural implements four times larger than the turnover in coffee, sugar, and soap—other articles were at that time not yet introduced.

The Union delivered 48,347 francs' worth of the last-mentioned articles, whereas its turnover in agricultural raw materials was somewhat more than 200,000 francs.

Modest as these figures may appear, the Union had every reason to be satisfied with them as a beginning, especially as the account showed a balance of 11,671 francs, 8,738 francs of which were placed to the credit of the co-operative societies in proportion to their purchases.

The Union continued working on the same lines during the two following years. The number of its members and the turnover increased but slowly, and the mistrust exhibited by vast numbers of the rural population for such an organisation did not die out so easily.

But the year 1890 was one of marked progress. About that time the Union received a valuable acquisition in the form of a society which had from the very first borne the character of a co-operative retail society, and whose directors had already gained great experience in the trade with colonial goods. It was the Co-operative Retail Society in Dübendorf, a village in Canton Zurich with a population composed partly of peasants and partly of mechanics.

The founding of the above-mentioned co-operative society is too characteristic and interesting to be passed over, as the following brief account will show.

In the seventies two large dealers in colonial goods set up branch establishments in the village, which already boasted of several general shops. In spite of that, however, and of all dark prophecies to the contrary, the new ventures were crowned with success. Seeing that, many citizens began to feel puzzled and to think that a fortune was easily to be made in the grocery trade. This idea on their part was evidently the cause of the new businesses being called upon by the local authority to pay local rates. The shop-keepers contested their liability to be thus taxed, stating that they were only branches of firms who paid aggregate taxes for head and branch establishments in their own domiciles.

This objection, which could not be legally combated, caused much bad blood amongst the peasants. If, they reasoned, the community was to have no benefit at all from the new businesses, then the peasants could have no interest in their existence, and it would, they considered, be more to

their own advantage to procure colonial goods without the mediation of shopkeepers.

Just about that time something happened which gave new reason for discord. A shopkeeper who had lived in the village for some years made up his mind to emigrate to America. At the winding-up of his business it turned out that he possessed from eight to ten times more than had been taxed by the revenue office. The whole population of the village was astonished to see how much a small trade in tobacco, coffee, and pepper brought in in the course of a few years.

The local council, consisting mostly of intelligent farmers, then began seriously to consider whether the community, on its own responsibility, should not open a village store. Being, however, uncertain as to their right to do so, they decided to found a co-operative association after the pattern of the neighbouring working men's co-operative retail societies. Rules were drawn up and the village beadle sent with them from house to house to present them and to obtain signatures. Within a few days 270 householders had entered their names as members, nothing deterred by the provision contained in the statutes making members jointly and unlimitedly responsible for the liabilities of the association.

After the constitution in October 1887 the Board proceeded to take up a loan, with which operations were commenced. A suitable man was also found who undertook the management, and succeeded, despite his being no trained merchant, in working up the association to a flourishing condition.

The first year showed a turnover of 71,000 francs, with a surplus of 3,500 francs. In 1890 the sales amounted to 117,400 francs, with a net profit of 7,250 francs.

The articles dealt in by the association did not only comprise colonial goods, but also wine, shoes, clothing materials, and household articles.

When in the year 1890 this peasants' co-operative retail society joined the Union of East Swiss Co-operative Societies (*Verband ostschweizerischer Genossenschaften*), its success was not without effect on the other members.

Why should not that which had met with success in Dübendorf succeed elsewhere? echoed and re-echoed in the circles of agricultural co-operators. The outcome of it all was that the determination was formed to take up the trade in colonial goods with renewed energy.

At a meeting of the Union held in August 1890, the

resolution was taken to organise a special department for the buying and selling of articles of consumption and household articles, and to recommend the establishment of special co-operative stores to the societies belonging to the Union.

This resolution proved a step in the right direction. The Union rented warehouses, began on its own account to purchase goods of all kinds for the daily requirements of the peasants, and succeeded in disposing of them to the local sections.

Before long a considerable number of these rural co-operative supply associations were transformed into real co-operative retail societies, and from year to year others followed in their wake. And it was just the co-operative retail societies that effected the progressive development of the Union and constituted its most vigorous supports.

The trade in agricultural raw materials, for instance in manure, provender, and seeds, had been originally of the greatest importance; now it was gradually superseded by the so-called "department for articles of consumption." A constantly increasing number of articles for the rural household was introduced by the Union and the local co-operative retail societies, and to-day there is hardly any requirement of the Swiss farmer which cannot be supplied by his co-operative society.

As a matter of course, the trade of the Union increased considerably. In 1892 it exceeded for the first time a million francs; in 1895 the second million was reached, and in 1897 the third.

In what a high degree this Union has taken the place of a wholesale society for co-operative retail societies is shown by its last annual account for 1903. The turnover amounted to over 4.1 million francs, which sum, it is true, includes the proceeds of the sales of agricultural produce, in which the Union has traded for some years past. In 1903 the Union exported 24 waggons of choice apples, 16 waggons of cider apples, and a considerable quantity of wine. In all, about 300,000 francs may have been realised on the above-mentioned goods, so that the proceeds of sales to the constituent societies of the Union will have amounted to about 3.8 millions. After deducting about 800,000 francs for manure and other raw materials, it will be seen that 3 million francs remain for colonial goods, clothing materials, and household articles—certainly a respectable sum for 125 small rural co-operative retail societies, the members of which do not number more than 8,700 in all.

The transformation of co-operative supply associations

into co-operative retail societies brought with it an advantage which had heretofore not been thought of. As long as the operations of the small agricultural co-operative societies were confined to raw materials, the management of the business was entirely in the hands of honorary members of the Board.

With such a small amount of business, limited as it was to a comparatively short period of the year, it did not pay to employ any officials. As may be supposed, the management of such co-operative societies was mostly far from satisfactory.

If there did not happen to be a member of the Board who was experienced in bookkeeping and commercial life, and willing to devote himself with unselfish interest to the superintendence of the society, the whole concern soon got into disorder, and it was exceedingly difficult for a Union with such members to keep up a prompt and well-regulated commercial intercourse. The bookkeeping was in arrears; to be brief, the confusion which was undermining the co-operative society's existence gained ground, and in spite of all the Union's efforts the state of affairs was, in many cases, not to be remedied, because the co-operative societies in question lacked proper administration.

Wherever the transformation into co-operative retail societies took place, this want could be supplied. It was absolutely necessary to engage an experienced manager for the co-operative store; in fact, under the circumstances it paid to employ one, as he himself and his family generally undertook the sales. Such a man could also be entrusted with the correspondence and bookkeeping in connection with the co-operative trade in raw materials. Thus it was natural that the agricultural co-operative retail society should attain pre-eminence over the co-operative association for the supply of raw materials only.

Consequently most agricultural co-operative supply associations have, in the course of time, been changed into co-operative retail societies. In places where it was impossible, or the inclination was wanting, to take such a step, the co-operative supply association has frequently been given up again.

In Switzerland the rural co-operative retail societies have therefore tended to promote agricultural co-operation in a high degree.

Wherever co-operative supply associations have remained the order of the day, as for instance in Canton Bern, the agricultural co-operative movement has attained far less importance than in the east of Switzerland.

The imposing headquarters and warehouses of the East



Swiss Union are a striking proof of the ability of a comparatively small number of rural co-operative retail societies to attain to a position of considerable economic importance.

Anybody travelling by rail from Winterthur eastwards, may see on one side not far from the railway lines an elongated three-storied building, bearing the inscription "Verband ostschweizer. landwirtschaftlicher Genossenschaften." It was erected in the year 1898-99, and cost over 400,000 francs. It contains the offices of the administration, and extensive cellars and store-depots, and may be called a co-operative sight well worth seeing. No other agricultural Union in Switzerland has, in fact, anything resembling it.

Therefore the Union's premises in Winterthur are justly the pride of rural co-operators, and not rarely the united members of one or the other of the co-operative local societies undertake an excursion there. The same as the Danish Union, the East Swiss Union has, in recent years, commenced instructional courses for the Board members and managers of the constituent members, and their efforts in that direction have hitherto been attended with marked success.

It is true that the Swiss rural co-operative retail movement is, as regards extent and perhaps the many-sidedness of its development, considerably behind that of Denmark; it does not, however, prove any the less emphatically the possibility of an extensive and flourishing development of co-operative retail societies in rural and semi-rural districts.

Nevertheless, the question must here be put and answered as to whether that which has been attained in Denmark and Switzerland may be attempted in the rural districts of other countries with any hopes of success; in other words, what are the conditions on which agricultural retail societies depend for their development? The question as to the applicability of the co-operative retail system can then be settled according to the existence or non-existence of such conditions.

The first condition for the development of co-operative retail societies is the existence of a strongly-developed consumers' interest, that is, the population which is to be organised in co-operative retail societies must receive for their labour, or for the product of their labour, a sufficient sum of money with which to procure the customary requirements of life. We are aware that the co-operative retail society system has not yet been able to strike root in the rural districts of many countries. An explanation of this is to be found, in the first place, in the fact that the modern economic system has not completely gained ground, and that a general consumer's

interest has not yet developed. As long as the countryman lives in natural economical circumstances and produces sufficient for his own requirements on his own farm, and has but little to sell to the market, he cannot develop a consumer's interest. Only with the specialising of agricultural products, with their limitation to single products and a regular market sale of the same, does the farmer begin to take in money in larger quantities and to expend it again for his own needs.

If the working classes were the first to extensively organise their consumptive power, the principal reason of it is that the producers in industry and trade were the first, in consequence of modern capitalistic development, to realise a strong consumer's interest.

There can, however, be no doubt that agriculture also becomes more and more industrialised from year to year, that it is in every respect influenced more and more by the modern capitalistic system. It is now quite exceptional, and only in such districts as are behind the times, that the farmer covers his requirements with what he himself produces. It has become the rule for him to sell all that he produces, and to buy what he consumes. In places where there are many agricultural labourers, natural wages have become a thing of the past, and payment in money has taken their place.

It is clear, from the foregoing, that the modern farmer and the agricultural labourer have a consumer's interest, the more so as their receipts are, as a rule, not large enough for them to be indifferent to the prices of the goods they are obliged to buy. On the contrary, the prices of the goods he purchases are, for the small farmer, just as important as the prices of the products he sells, and he is compelled more and more by economic interests to procure the articles he himself requires, as cheap and as genuine as possible.

By no means, however, is the existence of a latent consumer's interest amongst the rural population a sufficient basis on which to found co-operative retail societies. It is only an assumption of their formation, but not the only condition to be fulfilled.

If the work of organising co-operative societies is to be undertaken with lasting success and with a sureness of the aim in view, several other conditions which are no less important must be fulfilled.

In the first place, we may assume that it is necessary for the rural population to possess a certain degree of culture, if co-operative retail societies are to thrive in the country. The co-operative retail societies, which are, from an economic

point of view, organisations in the consumers' interests, are, from a social point of view, self-governing bodies. They are based on self-help, spontaneity, and the insight and joint-consciousness of all concerned in them. They demand from their members a certain mental capacity and moral qualities in no small degree—briefly, all that we are accustomed to comprise under the definition of the “spirit of co-operation.”

In order to awaken and bring this “spirit” into the foreground, it does not, fortunately, always require such bitter extremities as the Pioneers of Rochdale had to endure; experience has taught that a *propaganda* directed by a few energetic and enthusiastic men in touch with the people are able to do a great deal. We have a typical example in the brilliant success of the Finnish Society “Pellervo,” at the head of which we find the universally esteemed Herr Dr H. Gebhard, who, in the course of a few years, has succeeded in extending a thick network of agricultural co-operative societies all over Finland.

Certainly co-operative *propaganda* can only hope for lasting success when directed towards a population in possession of the necessary moral and mental power. In cases where the latter is only imperfectly developed, the co-operator must have concern for the furtherance of the general efforts for the education of the people.

In this respect our Danish friends have again done exemplary work with the public schools, thanks to which the great and rapid extension of the co-operative movement in the country has alone become possible.

In Switzerland the success of agricultural co-operative retail societies would not be conceivable either without the comparatively high standard of the people's education promoted by a well-organised School Board, or without the education of the people to self-government, and public spirit fostered by democratic institutions of this country. In spite of these conditions, so favourable for the spirit of co-operation, the latter is unfortunately far from being powerful enough, and still requires much care in order for us to reach the heights that co-operation is able to aspire to.

A further very important condition for the development of agricultural co-operative retail societies is the adaptation of the inner organisation of the societies to the special circumstances of the districts in which they are to be founded. Far from laying down any principles in this respect which would guarantee success in advance, I should like to express it as my opinion that no such principles exist. That which has turned out well and been the cause of great success in

one country may, if tried in another country, prove directly injurious. Whether, for instance, to decide on limited or unlimited liability for the co-operators, for or against the obligatory taking up of shares, on the endowing of the general assembly or Board members with more or less competence—all that depends on the circumstances prevailing, on the legislation, and on the customs and opinions of the population that is to be won for the co-operative organisation of its consumers' interests. That does not by any means denote that I advocate vacillating, baseless co-operative politics. Nothing is so essential to success as working according to a definite standard. Before commencing anywhere to form rural or semi-rural co-operative retail societies, the foundation on which they should and must be built up should be clearly thought out. However, in investigating and replying to this question, it is necessary to proceed without doctrinarian prejudice for one or the other system, without any blind preference for one or the other organisation; the decision must be based, if the right way is to be found, only on objective deliberation and realistic consideration. When once an organisation suitable to the circumstances, and with which the aim in view may be reached, has been found and arranged, then its principles should be firmly defended, and as nearly as possible strictly acted upon.

As a means to establish in the organisation this uniformity which is so essential for the development of every co-operative movement, the formation of Unions has everywhere proved excellent wherever the requisite power and means for its management were not wanting. At first they are the centres of the co-operative educational movement, of the sifting and working out of co-operative experience. In a comparatively short time they can easily be developed into economic centres for co-operative wholesale buying, from which the movement in the whole country soon feels the greatest benefit, as we have already seen in the case of Denmark and Switzerland. Just for the sound development of agricultural co-operative societies the existence of Unions is a most important condition. In their isolation and smallness such co-operative societies require information, encouragement, and help in administrative affairs in a much higher degree than those in towns. From where are they to obtain all this if not from a Union which takes upon itself the fulfilment of such tasks?

Of course care must be taken that this assistance does not degenerate into tutelage. It must never be forgotten that self-government is a fundamental principle of co-opera-

tion. The educating of the local co-operative societies to self-activity and initiative must therefore be the aim of every Union.

The Union is forced, in its own interests, to aim at the independence of its members, for does not its own existence depend finally and permanently on such co-operative societies as pulsate with vigorous life? The faster therefore the number of independent co-operative societies increases, the stronger the Union will become, and the farther will it be able to broaden the sphere of its activity.

Lastly, co-operation is an economic and social movement for liberty which, by means of the organised building up of a new order of the economic and social conditions on which our existence depends, aims at obtaining both for the individual and the people at large a greater amount of independence. Therefore whoever sincerely desires to promote the co-operative movement in any respect whatever must never forget to banish the old state of dependency, and to be most careful never to replace it by any similar institution.

To this Dr Müller added a few supplementary remarks. He had, so he observed, noticed in the German Press of Hungary certain reflections upon the practice of co-operation which argued a failure to grasp the true object and meaning of that movement. Co-operation is not, as was there represented, a mere pastime, a toy of philanthropists, nor yet an instrument for political warfare. Unquestionably the organisation of agricultural co-operative societies must proceed on somewhat different lines from those adopted for industrial. There was the further point to refer to, as to whether sales to non-members should be permitted or not. He was altogether in favour of abstention from sales to non-members, although he did not advocate prohibition by law. The nature of the case was simply this. Co-operation proceeds on the principle that by means of common purchase profit becomes eliminated, and every purchaser really only benefits by his economy practised with the help of collective purchase. Selling to non-members must necessarily mean earning a profit. Accordingly logical consistency requires that such sales should be abandoned, though that might have to be done gradually, and even by slow degrees.

(Dr Müller's speech was received with loud applause.)

(For Swiss statistics and other reports, see pp. 203 to 220.)

Mr M'INNES (United Kingdom) briefly summarised his own paper (see p. 204), and concluded with the following motion:—"This Congress, being of opinion that distributive

co-operation, providing the necessities of daily life, is as urgently needed in rural districts for the promotion of thrift, education, and wellbeing among small cultivators and labourers as it is in towns in the interest of industrial workmen, calls upon co-operators in all countries to contribute to the best of their power to its establishment and extension."

Dr LADISLAUS DÖMÖTÖR (Hungary): As a sequel to Dr Hans Müller's instructive paper, and in view of the fact that the question of remodelling and supplementing existing legislation respecting co-operation is at the present time occupying the attention of the legislatures of various countries, it appears expedient that the Congress should consider this question carefully, and, if possible, pass some definite resolutions upon certain principles. I believe that the lesson to be derived from the address to which we have listened, and, indeed, the lesson of co-operative experience generally, may be well summarised in the following resolution which I beg to submit for acceptance:—

1. "That it will be advantageous for societies from the point of view of the future development of co-operation, and of the preservation of the unity and purity of co-operative principles, to organise themselves in associations; the associations so constituted to form a union, which will represent co-operative affairs in the highest sense of the word.

"By these means the societies attain in an autonomous spirit an organisation which will be suited not only to represent uniformly co-operative interests and principles to the people at large, but also to exercise supervision and revision over the internal affairs of its component societies with a thoroughness born of competent technical knowledge.

"Now, as in questions relating to societies, the procuration of reliable expert testimony is often necessary both for judges and other authorities, and as, moreover, co-operative centres are peculiarly competent to offer such; further, as reports concerning the societies should in no circumstances be obtained from commercial bodies, strangers to the cause if not actually inimical; and finally, as co-operative associations, by supervision and revision of the work of separate societies, exercise functions which the legislatures of a majority of States has recognised as a State interest, there is ground for the claim that co-operative societies be recognised by the laws relating to such, as autonomous corporations representing and supervising the interests of their constituent bodies.

2. "Since one of the principal tasks of co-operative

practice consists in assimilating a form of common administration amongst the country population, the chief advantage of the society appears in its capacity of adapting itself to the various customs and usages of individual districts. The legislature should strongly discourage limitations in the law which only encroach upon the unfettered activity of the society unless higher State interests are involved.

"There is, nevertheless, a perfect constitution of the distributive co-operative societies, by which articles of consumption may be sold only to members, therefore all distributive societies should strive to show that to enter such society is a very desirable thing. Nevertheless, there exist peculiar circumstances under which the carrying out of this principle is impossible, partly because the poorer classes of the population are not in a position to enter as members of the society, and for this reason they depend upon sharing in the benefits accruing from a non-profit-making society, and partly because it would be impossible for the village co-operative societies, and compel the whole of the parish, to wit, the field labourers, who often change their respective addresses, to enter the society in question; and it would not be just to exclude them from the operation of a society, which in a small village is often the only general store.

"For this reason the determination of the limits of the business—ignoring the strict legal limits—should be left to the members of the society, *i.e.*, the rules. At the same time, and apart from any consideration of the principles of liberalism and freedom of trade, any disturbance of the peace of the parish, by persons inimical to co-operation making declarations before the Court, and thus continually molesting the society, must be obviated."

I beg you to accept this motion.

HERR H. KAUFMANN (Germany): The arguments of Dr Müller, Secretary of the Swiss Union of Distributive Co-operative Societies, have been received with applause, and I think I may say that for my own part I agree with pretty well all that he has said. Nevertheless there are some points that he has touched upon in respect of which I cannot entirely subscribe to his arguments, and feel bound to add some qualifying explanations to prevent misunderstandings. There are two great questions to which Dr Müller has specifically referred, which particularly interest Hungarian co-operators. One of them is that of the permission of sales to non-members, the other that of cash payments. In Germany, as you probably all know, we are prohibited by the law from

selling to non-members. We look upon this as a grievance. We do not think that the law should prescribe to us what to do in this matter. On the other hand, we fully accept the principle that as a fact there should be no sales to non-members. That is a matter of importance more specifically for newly-formed struggling local societies. But it no less affects the local Unions for common purchase which are now much in vogue in Germany. Our newly-formed local societies are as a matter of course weak in capital. The smaller their number of members, the smaller also their capital is likely to be, and *vice versa*. Obviously selling to non-members must necessarily mean proportionately still further reducing their capital, that is, in comparison with their trade. However, working with too small a capital must mean difficulty in exacting dealing for cash only. The society working with too small a capital is likely to become dependent upon the dealers from whom it buys, and may accordingly be usuriously exploited by them. It finds itself driven to borrowing the working capital which it wants but has not got in this manner. And in this respect it really seems immaterial whether the society in question becomes dependent upon the dealers from whom it buys and accordingly borrows, or upon its members, who in their turn borrow from it. One predicament is as bad as the other. Therefore, if the society is to avoid this, and to place itself in a position to pay cash, it will have to proportion its trade to its capital by selling only to members.

We have some experience in this matter. In Germany distributive societies are now actually proceeding to the production of their own goods. Under the law as it stands we are entitled to sell goods which we produce ourselves, such as bread from our bakeries, meat from our butcheries, &c., to non-members as well as to members. That right is here and there taken advantage of. However, the results have been far from encouraging, and the further we proceed the more do we accordingly endeavour to restrict the sale even of such articles to members only, even though that must mean sacrifice of custom.

Now as to the second point, that is, the strict insistence upon cash payments. That is a time-honoured principle, handed down to us by the Equitable Pioneers of Rochdale. From Dr Müller's paper it would appear as if he were disposed to sanction some departures from the application of this principle, that is, to permit credit transactions where credit dealing has become very common. With regard to that I cannot of course speak with any confidence with



regard to results obtained in other countries. As to Germany however, I have something to say. We have in Germany between a hundred and two hundred new distributive societies forming every year, about half of which are supported by our Central Union. I can assure you that we never fail to make it a condition for such societies as join our Union, that they should confine their sales to members only. And our experience teaches us that it is the societies which depart from such golden rule which most readily land themselves in difficulties. In fact, insistence on cash payments is no less necessary for distributive stores, as a means of increasing working funds, than is restriction of sales to members. A store giving credit to its members is pretty sure to run into debt itself with those who sell to it.

Two years ago we saw two agricultural distributive societies formed in Slesvick about the same time. The suggestion of their formation came from Denmark. In either case the members were small country folk, mainly small and medium peasantry. One society in Northern Slesvick allowed credit dealing; it is to-day on the brink of bankruptcy. The other, in the island of Alsen, sells for cash only. It has still a much smaller number of members than the other, and does a smaller trade. However, its financial position is thoroughly sound. I am satisfied that at the close of the year it will present an excellent balance-sheet, and that of itself is sure to attract more members.

However, some latitude will no doubt have to be permitted, since neither industrial working men nor small peasants are in every instance in a position to pay cash. Their cases are to be met by proper institutions. Many German distributive societies maintain a special fund which is constituted by a deduction made every year from the profits accruing and placed at the disposal of the Committee. That fund enables the Committee to make advances on account of the dividend accruing in exchange for dividend tokens, and such advances really amount to assistance. We call them "dividend advances." Now, of course, such assistance as this will have to be given rather sparingly. In its ideal form it is to be seen at work in the Distributive Building and Saving Society of Hamburg. That society maintains a "relief fund" into which one half of the accruing dividend of every member is paid till his or her account reaches the figure of 100 marks (£5). Supposing that any member meets with an accident, or is taken ill, or else finds himself exposed to a sudden call for exceptional help, he has that fund to draw upon. And that is not all. For the relief fund places

a very acceptable addition to its working fund at the society's command, which enables it not only to buy for cash only, but also to organise its own productive departments.

You see, there are means, after all, of mitigating, even correcting the mischief resulting from scarcity of means without resorting to credit or sacrificing approved economic principles. On this ground I should wish to recommend you, and more specifically Hungarian co-operative societies, to hold fast unswervingly by the principles of sales to members only, and of cash business. No doubt at the outset, that may mean slow progress, membership may remain limited. However, a much better foundation will be laid, and upon a good solid foundation you may in due course build up a large superstructure. When, on the other hand, the foundation is frail, building upon it can only mean preparing for a disastrous collapse of the whole structure. (Applause.)

Dr CRÜGER (Germany): I have all the less cause to quarrel with the principles laid down by Dr Müller in his paper, as deserving acceptance in the organisation of distributive societies, and for their development, as that is the very principle upon which my Co-operative Union has for the past forty years proceeded in organising the distributive societies now existing in Germany. There are two points upon which Dr Müller has laid especial stress, one is cash business, and the other, sales to members only. I will not discuss these general questions further.

However, I should wish to offer some remarks on a few special points. It would be a mistake to suppose that the prohibition of dealings with non-members laid down in the German law, to which allusion has been made, applies to distributive societies only: it applies in precisely the same manner also to credit societies, and represents a principle advisedly adopted in German legislation. Now, when Dr Müller insists that in different countries co-operation naturally assumes different forms, I entirely agree with him. For that very reason I find it difficult, if not altogether impossible, to support the motion submitted by Dr Dömötör. For that resolution contains a reference which is quite unmistakable, to a draft Bill now before the Hungarian Parliament. Now obviously it is extremely difficult to pass a judgment on a national law at an international congress. I have insisted upon this once before at our Paris Congress. Such difficulty is in this instance materially increased by the fact that we have not the particular draft law referred to before us to consult. We know nothing about it. We are indeed told that it does not

satisfy the expectations of Hungarian co-operators. However, as long as we do not know its precise terms we are precluded from criticising it. And I would add that we ought to use the greater caution in expressing an opinion on such matters, as resolutions passed by international congresses are apt to have considerable importance attached to them. Now had even the main provisions of the Bill only been communicated to us, we should have been able to form some sort of judgment upon its application of general co-operative principles. But that is not the case. Well, we are to sit for two days longer. Here is the resolution. Would it not be better to delay the discussion until we know more about the Bill? Possibly one or other of the gentlemen present may be in a position in the interval to procure for us the necessary information, and after that we may be able to pronounce an opinion. However, I should wish at once to point out that we could not consider the matter otherwise than on the ground of general principles only. The resolution, on the contrary, appears to me to deal with points of detail, points of subordinate importance, such as whether particular co-operative unions are to be legally recognised or not. That question does not concern us, say, in Germany. Our own co-operative unions have done excellent work during more than thirty years without formal legal provision regulating their status. They obtained formal recognition in 1889, and at the same time "revision" was introduced. But I doubt if there is any one in Germany who will maintain that unions do better work for being formally recognised and for having the "revision." Next there is the question of sales to non-members, with regard to which evidently there exists a great deal of feeling in Hungary. With respect to that, I must confess that I cannot consider the argument employed in condemnation of legal prohibition a particularly happy one. On this ground I agree absolutely with Herr Kaufmann, who has with great justice objected that Dr Müller's argument must almost necessarily lead to misunderstandings. He begins by pleading for sales to members only, and then turns round and leaves the question open. I do not quite see how the International Co-operative Alliance is to endorse that.

I would suggest to Dr Dömötör that he should withdraw his motion for to-day. He may be able to submit a more fully substantiated proposition to-morrow or the day after, and after that we may consider how it will be expedient to act.

Passing on to another subject, I have declared myself in

agreement with Dr Müller in his main propositions, and should probably not have intervened at all in this discussion had he not introduced a suggestion which appears to me to call for remark. Dr Müller appears to have made it a ruling assumption in all his reasoning that co-operation means the systematic organisation of consumers generally, on the ground that capitalist trade, for its own part, is based on the division of consumption. Now the ten minutes allowed me for my remarks would obviously not suffice for arguing at length against an economic proposition of such wide bearings. However, I must beg to be allowed to state, on behalf of the distributive societies of the co-operative union in Germany with which I am connected, that they do not by any means subscribe to the principle set up that the task and object of co-operation is to organise consumers wholesale in avowed opposition to what is called the capitalist trading system now established, but that, on the contrary, they hold that distributive societies, like any other co-operative societies, are to be formed only where they can be shown to be wanted, and where persons are to be found qualified to take the lead in them. We do not look upon the distributive societies as a means of *replacing* the existing economic order of things, but as something which *supplements* the existing order of things. The wholesale co-operative organisation of consumers appears to us to mean the creation of an entirely new economic system. We feel, gentlemen, that it is matter for regret whenever one side or the other is found on this subject to carry contention beyond the proper point. Co-operation has a large number of opponents arrayed against it as it is, and we can scarcely hold it to be expedient gratuitously still more to increase the number of its foes by the adoption of so visionary a programme as in my opinion is that suggested by Dr Müller. (Applause.)

One brief word with regard to State help, which has come to play a leading part in this connection. The serious distrust with which co-operation is at present regarded by the commercial world is in a great measure due to the promotion of what is called co-operation with the help of public funds. Quite naturally, such bounties invite the resentment of the trading classes, who have to face the competition, and who consider themselves aggrieved in their status of citizens. They very naturally ask this question: By what right does the State subsidise our rivals? Gentlemen, there is no need whatever for such financial assistance, because a co-operative society properly organised and ably conducted is bound to be strong enough to be able to do

without it. Dealing with this point, I should like to go further and say that it is an absolute mistake to represent trade as an obstacle to us co-operators. Our desire is that co-operation should take its proper place in national trade.

I cannot now enter into the consideration of the question raised about the elimination of profit. As a matter of fact, co-operative societies rank, under our law, at any rate from an economic point of view, as trading societies. And on this ground I regret the allusions made to the profits earned in trade as if they were something reprehensible. "Gain-seeking," gentlemen, is a very good word, but it appears to me like a deliberately chosen "cry." Every one who carries on any calling desires to earn an income. Trade, which is the appointed organiser of an exchange of goods, has, like other callings, a perfectly good right to its profits, earned by an addition to the price of the articles sold. Why should that be made a reproach to trade, of all callings? I cannot see how you would reconcile that with logic.

And beyond that, gentlemen, I cannot see that, at any rate from my point of view, we have any cause for placing ourselves on a war footing with the public press. The reader of the paper must be good enough to pardon me for saying that his attacks upon the press were decidedly uncalled for. I quite admit that we do occasionally come across opinions in the press which testify to anything but goodwill towards co-operation. Very well, it will be our duty to inform publications that express such opinions and show them where they are wrong; but it certainly appears to me a great mistake for us to start with a declaration of war against the press, or to treat the press as a whole as if it were hostile to us. Having habitually observed the public press with great attention—not merely its co-operative section, but the press generally—for a long time back, I gladly own that I find that in the present day, the opinions expressed with regard to co-operation, both in newspapers and in reviews, are a good deal more true to facts than they were ten or fifteen years ago. At that time the press was pleased altogether to ignore co-operation. Co-operation was considered to have no practical importance. At present the aspect of affairs is entirely changed. The press discusses co-operation freely. On that ground, it appears to me that co-operation has no cause gratuitously to involve itself in war with the press.

One last word with regard to Mr M'Innes' resolution. If you will look at that resolution closely and ask what is its meaning, you will have to admit that it does no more than

express approval of co-operative distribution. Well, I cannot think that a formal resolution by the International Congress recording such approval is really needed, either on economic or on social grounds; for we have at our past international congresses expressed the same thing in a much stronger form. However, I admit that no harm will be done by adopting it. And therefore I am altogether prepared to accept it, only with this qualification, that I place myself with regard to the matter under consideration upon a totally different standpoint than the reader of the paper. (Loud cheers.)

HERR W. KLINGENBIEL (Germany): I should not like to miss the opportunity, gentlemen, of explaining on this occasion, which is of manifest and great importance for the further development of co-operation, that we of the Neuwied or Raiffeisen Union, which I have the honour of officially representing, take up an entirely different standpoint with regard to the necessity and expediency of creating distributive societies in rural districts than does Dr Müller. (Hear, hear.) We do all that we can to support and encourage societies for the common purchase of articles required for agricultural purposes, because we look upon the formation of such as an important part of co-operative work. On the other hand, we do nothing directly to encourage distributive stores formed to supply members with the thousand and one articles required for personal use. That accounts for the comparatively small number of societies of this type which we have attached to our Union. We fully recognise the disadvantages attaching to a subdivision of trade among a large number of small distributive societies, such as these, that they are compelled to purchase their goods at second or third hand, that their sales are necessarily very limited, and that their managers may not have all the necessary qualifications. We are quite aware that disadvantages of this sort are to be remedied only by combination, by the creation of large societies, to focus business. (Cheers.) However, we have in Germany a commercial and an industrial middle class made up of a very large number of independent establishments which cannot really be accused wholesale of unfairly exploiting their customers. We recognise the importance of maintaining that middle class. And accordingly we avoid carrying co-operative practices to extreme lengths by encouraging the formation of societies which must almost necessarily prejudice the interests of that class, and possibly extinguish it altogether, at any rate until we are compelled to do so by necessity. In dealing as we do we

only act genuinely in the spirit of Raiffeisen co-operation, for in our organisation we stand committed to the exercise of public spirit in the sense of Christian love of our neighbours. That is the foundation upon which our conduct of business is built up. And just as Raiffeisen's Christian ideas have guided us in regulating the position of members with respect to our organisation, so do we hold it to be incumbent upon us to accept their guidance also in the relations of our organisations with the outside world; that is, in their dealings with other classes, obviously entitled to the same rights that we ourselves claim. On such grounds we abstain from interfering with the interests of such other classes. (Cheers.) But, gentlemen, to such conduct we can promise to adhere only so long as the middleman trade continues to observe the duties which it itself owes to others and is content to remain a servant to the public. Were it to make itself the exploiter and master of the public, we should no doubt have to deal otherwise. (Cheers.)

MISS BENETT (United Kingdom): We always have in our thoughts the fact that we owe the co-operative movement, which is now so important, to the efforts of poor working men. In Hungary the upper classes have taken it up, and wish to make it known to the workers, and get their support for it. The important thing is to establish mutual confidence and very friendly relations between the classes, which, in my opinion, may be most effectively brought about by women; and this object may be furthered by an association of women. In another respect such an association is much to be desired. The social movements of the times are very closely related to one another, and the most important thing in the new order is the position of women. To men belong the task of raising the tone of family life, and making it more effective as a basis of citizenship, by discussing everything with their wives. Women should be encouraged to give effective expression to the reasoning powers and the commonsense which are theirs by nature. An enquiry has just been made in England as to the physical deterioration of the people, which has revealed that madness increases with the increase of wages, showing that those people are childish and silly, and incapable of governing themselves. Should not women be taken into counsel as to the public health, education, and a hundred other questions which relate to moral and physical welfare? In such matters without the help of women no progress can be made. Co-operators, taken altogether, are like a small world in themselves, and in the administration of that world they fit themselves to rule the country. And

here, as in matters of wider import, must women help. You should see that a branch of the Women's Co-operative Guild is started in connection with every distributive co-operative society, and persuade the women to diligently attend the meetings. Women of all ranks should come together for some hours every week, and very valuable results will be seen springing from their discussions on important subjects. Democracies are not so effective as they should be because, taking them all round, there is a lack of character in the masses. Count Károlyi has just said that our aim is to deliver the smaller folk from the ills which are apt to overtake them, when the population is not intelligent enough itself. All grown-up people must work on an equal footing in the grand movement. Women are the buyers, and for that reason their intelligent sympathy is indispensable. (Cheers.)

M. L. HÉLIÈS (France): I have to remark that the rural co-operative movement in France appears to be altogether unknown in this Congress. I desire on behalf of the Socialist Co-operative Societies which I represent, and which are the most important societies in France in respect of action, development, and organisation, to explain by an example the meaning which we attach to rural co-operation. In the application which we have given to it in a French village it amounts to a real social transformation of things. We do not conceive it to be possible, seeing what antagonism there is among classes, that the social condition of the working classes should be raised by the help of those who have interests at conflict with theirs. Our object is to mount up the social ladder by our own unsupported efforts. To this end we have created very considerable co-operative institutions, among them the working men's glassworks, which are at the present time so well known to the whole world, that really I need not here enter further into that matter. The co-operative movement at Paris now embraces something like 100,000 co-operators not belonging to any particular political party. They have organised rural productive societies which yield most satisfactory results, and it is upon such that I should wish to give you some accurate information.

Those who are acquainted with the wine trade in France know that in the majority of cases the wine produced by co-operative societies is disposed of directly to the consumers. Up to the present time what was sold has been for the most part adulterated stuff, a different thing altogether from genuine wine. To set this matter right we have organised a co-operative productive society in a village peopled, as it



happens, only by socialists, that is, the village of Maraussan. Of 320 local producers of wine there, as many as 220 have joined our society. They have contrived to collect the necessary working capital out of the profits realised on sales effected, while at the same time rigidly avoiding adulteration. The co-operative society of the vinegrowers of Maraussan has now been at work two years, and its half-yearly sales amount to 8460 hectolitres. Its successful business has enabled the Federation of Socialist Co-operative Societies of the Paris district, which buys its wine from the Maraussan society, to accumulate a working capital of 1702 francs. The capital formed by the associated co-operators amounts to 2439 francs, and in addition 500 francs has been laid aside for employment for social purposes not exclusively political, that is to say, purposes purely of a social character.

I must insist upon this, gentlemen, because whenever the Socialist Co-operative Societies of France are spoken of it seems to be implied that they act solely for political purposes. We could not do so. We are above all things co-operators.

Our profits netted amount at present to 4823 francs the half-year, apart from 3382 francs paid in taxes, so that in all we have produced 8205 francs overplus within six months. We believe, therefore, that we have created a real type of rural co-operative production, which we should wish to see copied plentifully in other agricultural districts. After two years' business our capital amounts to 33,574 francs. The results accordingly appear most satisfactory. They have been further enhanced by the creation of a co-operative distributive society, *l'Union Maraussanoise*, which the producers of wine have formed for themselves. That distributive society within the space of six months' work has succeeded in suppressing three private shops out of five which used to exist in the village. Its trade amounted to 34,000 francs. I believe that the figures quoted demonstrate the utility of suppressing the middleman trade and the possibility of productive societies maintaining themselves by their own force. I wanted to give you these particulars in order to show that the improvement of the economic condition of the working-classes is perfectly possible without the antagonism of classes. (Cheers.)

Mr J. C. GRAY (United Kingdom): For the credit of my own country I should like to have a word or two, as you have not had a speech from a Britisher on the question before you. I shall not take up much time. I am rather at a loss to understand in what sense Dr Crüger said that we have two days still for bringing up reasons why this resolution

should be opposed. We want no reasons other than those that we have in our minds. Those who have had experience of co-operation know that it is good for the people; and wherever the people exist, however poor they may be, if they have no experience of co-operation amongst them, there is need for us to go there and plant co-operation in their midst. We know from experience that it is good for them; and we must as co-operators take the benefits which we have enjoyed to those countries where they do not already exist. That is all that the resolution expresses. All those who thoroughly enjoy the benefits of co-operation, and believe in the principle as a means of elevating mankind, should go back to their own countries, and exercise their influence in the direction of taking co-operation into the poorest parts, and surely that needs no arguing. If people are in need, we ought to give them help. (Applause.)

Frau STEINBACH (Germany): Gentlemen, at an International Congress we must expect to find very conflicting opinions expressed. There are bound to be differences of opinion, because circumstances differ in different countries. However, when it comes to such startlingly conflicting opinions being expressed at a co-operative congress, on a question with regard to which, as one would think, there can be no doubt whatever, whatever be the country to which it is applied, that is bound to produce a peculiar impression. We have to-day heard the proposition put forward by an avowed co-operator to the effect that we must not attempt to bring about a general transformation of the economic order of things; that as a matter of principle no attempt must be made to remove or suppress one particular class. That class, as it happens, is the class—I will not say of “usurers”—I distinctly decline to describe all tradesmen as “usurers.” However, when I hear a co-operator, who will have it that his principles are the principles of the Rochdale Pioneers, the principles, that is, of the men who avowedly made it their main aim to bring about a reform in social life, not by revolution, not by a subversion of things, but by a general change of economic conditions, when I hear that man, while affirming that the union for which he acts as spokesman has acknowledged Rochdale principles for fifty years back, at the same time carefully cautioning us against the suppression of the class of traders, I must confess that—well, I am only a woman, one of the sex which is often reproached with a disposition to contradiction—but anyhow, I am totally at a loss to understand that gentleman’s position. When, on the other hand, I hear a gentleman who speaks for the

Raiffeisen Union declaring that trade must not be interfered with, that the middle class must not be eliminated, that there is no occasion for such course so long as all members of that class carry on their trade in a Christian spirit, I must own that he seems to me to be imposing a condition which it must be impossible for that class to fulfil. For carrying on trade, carrying on business, maintaining oneself uppermost in the great scramble of competition which is going on, and yet dealing with one's competitors, dealing with the public, in a Christian spirit, appears to me a contradiction in terms. Gentlemen, it seems to me that the present capitalist system of business is carrying us farther and farther away every day from that ideal state of things, as a matter of course, without any desire of our own that it should be so. I am aware that I am here among co-operators who, owing to the peculiar circumstances of their poor country, which has scarcely any large manufacturing establishments to speak of, are masters of agricultural co-operative societies, of the conduct of whose business I am not in a position to judge. However, I am confident that I am not misinterpreting the sentiments of those gentlemen when I assume that they too intend their co-operation to benefit under all circumstances those who, in an economic sense, are weak and feeble. (Cheers.) In fact, I give credit for such sentiments to everyone here present. Should I in doing so be judging any one amiss, I shall have to bear the blame for that. The same gentleman, to whom I have already referred as spokesman of a certain union, has entered a protest against State grants in favour of agricultural co-operation. I am no less opposed to such subsidising than he can be, but on different grounds. There is really no reason why I should here state them. The matter concerns specifically those societies which have asked for grants and maybe have obtained them. Dr Crüger has pointed out that one of the subjects brought under discussion in the present debate is a draft law now under consideration, which is—well, let us make a clean breast of it—designed to protect the good middle class against the growth of co-operation, against the junction of forces in progress for the furtherance of common interests, the power of self-maintenance of the poorer people. I cannot tell how far such interests extend in this country, in which a powerful political party still exists, which distinctly leans on the support of the middle class. However, precisely the same interests exist elsewhere, where the good class of *bourgeois* is now spoken of as the last remaining prop of the existing

political system. These are matters about which I do not propose to speak, but I do wish to say that we agree with Dr Müller in this, that not under any circumstances should restrictions be imposed in the interest of any one particular class, be it specifically my own party section of the co-operative movement, or be it that of any other class, and that we should resist any uncalled-for meddling of the State authorities with the exercise of societies' free will. I cannot accept Dr Müller's contention that exceptions should be allowable to this rule, say on the ground of peculiar local circumstances. I hold that we must on principle resist any interference of the State.

There is one more thing that I should like to state.

The PRESIDENT: Your time is already up.

Frau STEINBACH: Grant me one minute more. I should be very grateful. I have particularly asked to be allowed to speak in order that I might say what I am now going to submit. And I should have done with all my speaking had I not been provoked to replies by preceding speakers. Herr Kaufmann has mentioned an institution which we have in our Hamburg Distributive and Thrift Society, which is devised to meet exceptional cases of pressure, arising, it may be, from distress, from want of employment, from accident, or from any other cause, and which, but for this safeguard, probably would drive the suffering member back into the arms of the traders, in order not to be compelled to pay cash. Now on my rounds for agitating purposes, which I frequently undertake in the interest of our society, I am delighted to find that other societies which I visit, consider it necessary to establish similar distress funds. However, I also often hear that such societies unwisely propose instead of a "general" distress fund to establish distinct "special" funds. Now assuming, as I must, the object of such people to be to bind poor, unfortunate members to their society in such manner as that they shall not be compelled to go back to the tradesman's shop, where they are bound to lose the capacity for maintaining themselves, to the shop where ten customers suffice to secure the proprietor a living—oh, don't misunderstand me! not by any means by "usurious" practices, I don't say that—I feel constrained to utter a most impressive warning against the creation of "special funds," which necessarily degenerate into poor relief. That is not the right way of doing things. We have formed a "personal" distress fund. Into that fund the members' dividend is paid, no matter whether he intend to use his account or not. And not a penny of dividend does he re-

ceive until his particular account in the distress fund reaches 100 marks (£5). On that amount interest is paid. We use no compulsion whatever, to make a member avail himself of the fund. However, we wish everyone to stand on the same footing with regard to it. It is for that reason that we have made the fund "personal," and "general" for every member. No exception is made.

There is a proverb which says that "poverty demoralises." Well, that consideration alone ought to make us join hands heartily, in order that we may unitedly resist the demoralising influence of poverty. Such influence it is impossible to get rid of so long as a demoralised member may have occasion to say, "Aye, the others have received assistance from the 'special' fund, I have received nothing. I have never been able to prove sufficient distress." In the case of "special" funds such things are sure to happen. No, gentlemen, there must be a distress account for *every* member, even for the wealthiest. I will be indiscreet and tell you this: I know of men in very good positions, clergymen, professors, teachers, and others, of all classes of society, who have joined us because they were satisfied that without co-operative action poverty cannot be successfully contended against, and every one of these men has his own account standing to his name in the distress fund, where a balance accumulates. (Loud cheers.)

Herr WRABETZ (Austria): I am extremely sorry to have to be ungallant enough to begin my observations with a rectification of a statement made by a lady. (Laughter.) However, memory waxes dim as decades pass, and once fifty to sixty years have gone by evidently there is a danger of past occurrences being not quite correctly remembered—in perfect good faith, as I assume. Thus obviously it comes about that the last fair speaker has drawn for us a picture of the Rochdale Pioneers starting with the ambitious aim of re-modelling the economic order of things, and creating a new order, to transform things generally. Now, what I have to say is, that they did not begin with any such soaring ambition. And if my statement does not suffice you, please go and consult Mr Holyoake's most interesting "History of the Rochdale Pioneers." In that book you will find it written that there was great distress in Rochdale owing to a crisis in the cotton trade, and that there were a number of starving weavers, who were prompted to action by the simple desire to satisfy their hunger at less cost than had previously been possible. (Cries of "No, no.") Well, that is what Mr Holyoake writes. Please read the history for yourselves, I cannot

withdraw a word. Once their co-operative society grew large and prosperous, it is only natural that they should have turned their thoughts to higher aims, that they should have enlarged their store and begun to produce things for themselves. That is what has happened in their case. But that is also just what is now happening every day among our large distributive societies—certainly it is so in Austria. Nobody, however, ventures to contend on that ground that we aim at revolutionising the world in its economic aspect. That is practically all that I wanted to observe on this point, and I will only add that as co-operative stores grow big and extend their trade, it cannot but follow that ordinary trading establishments are damaged to the extent of their gain and lose custom. You positively cannot prevent that. Accordingly, when the gentleman who just spoke for the Raiffeisen Union lays it down that his Union starts distributive stores, and is careful to manage them so that they shall not interfere with trading establishments, it appears to me that he makes his Union act like that wise person of whom we have read who objected to the building of railways in order that the carriers' trade might not be interfered with. (Cheers.)

Now one word more on the question before us, and specifically with respect to one particular point, which I think has not yet been brought under your notice. I altogether agree with the arguments used by the reader of the paper and other speakers from Germany. But I must just say one word with regard to the prohibition of sales to non-members in force in some non-German countries. Of course, like every other co-operator accepting Schulze-Delitzsch as his teacher, I am in principle in favour of the restriction of sales to members only. All the same I venture to insist that legislation should be so framed as to leave it to co-operative societies themselves to determine how they choose to act in the matter. (Cheers.) On the other hand, I would have the law prescribe very effective measures guarding against the abuse of the co-operative form of business for non-co-operative purposes. I cannot, for instance, approve of a limited number of members being allowed to form their own "co-operative" society on purely egotistical lines, and carefully to bar out new members, in order that they may trade with, and on, non-members while professing to be co-operative. Such abuse should be guarded against. There are societies which trade with non-members, and yet act in a genuinely co-operative spirit. Of such are the Austrian working-men's distributive societies, which are perfect models of their kind. They do sell to non-members.

The PRESIDENT: Your time is up; I must ask you to curtail your remarks.

Herr WRABETZ: I have only a few words more to say. Besides—(looking at his watch)—according to my watch, I have not spoken more than five minutes. What I want to say is this. If the legislature decides to prohibit trade with non-members, then in consistency it should distinguish between co-operative societies and other trading bodies also in the matter of taxation, and of legal provisions regarding the carrying on of their business. You cannot consistently prohibit sales to non-members, and yet put down a society as a trading concern, and make it pay taxes as such. (Cheers.) Either the co-operative society is a trading concern, and in that case you have a right to tax it, but no right to forbid its selling goods to non-members. Or else it is not a trading concern but an institution formed for the simple purpose of improving the social condition of its members, and in that case you absolutely cannot in fairness interfere with its way of conducting its own business, and cannot tax it. (Loud cheers.) It is downright preposterous to treat the saving effected by members by means of their common purchase of necessities of life as a trading profit. And—quite apart from questions of social politics—I am wholly at a loss to understand how learned economists can still maintain that a saving effected in purchase is a trading profit, and should be treated as such. (Continued cheering and clapping of hands.)

(At this point the Vice-President took the chair.)

Herr HUGO LAEHNE (Hungary): Reference has been made by both Herr Kaufmann and Dr Crüger to the German co-operative law. I should not wish it to be understood by my Hungarian countrymen that the German co-operative law absolutely forbids sales to non-members. The German law of 1889 says in Clause 8, sub-head 5: "Distributive societies are permitted in the ordinary course of business to sell goods only to members, or to the representatives of such. Such restriction does not, however, apply to agricultural distributive societies which keep no open shop, but only negotiate the supply of articles intended exclusively for employment in agriculture, in respect of such articles." Accordingly agricultural co-operative societies are under certain limitations free to sell goods to non-members. Now as regards Hungary the condition of things here in respect of such matters is peculiar. It is mainly in agricultural districts that our distributive societies are wanted. Our distributive societies are, to employ the German nomenclature, either "common purchase societies" (*Bezugsvereine*) or else "distributive societies"

(*Consumvereine*). The latter keep an open shop and deal in articles of household use. The state of things here is such that there is really no genuine trade in agricultural districts. There are small tradesmen keeping shops, but they are as a rule at the same time also the parish usurers. We started co-operative stores for the express purpose of checking the abuses of these usurious traders. Now if our co-operative stores, being so situated, are to be forbidden to sell to non-members, and are not even allowed that period of transition for which Dr Müller has rightly pleaded, it will be extremely difficult for the stores existing to maintain themselves. However, the new draft law referred to in Dr Dömötör's motion, actually proposes to enact that societies existing and dealing with non-members shall be summarily wound up. Dr Müller has rightly suggested that the consequence of any such enactment must necessarily be the laying of innumerable informations in the various local law courts against peccant societies, and prosecutions by the score. Under such circumstances I take it to be fully justified that Hungary should appeal to the International Co-operative Congress for support. And I beg you, gentlemen, to adopt Dr Dömötör's motion. (Cheers.)

Dr ELEMÉR BALOGH (Hungary): I likewise wish to say a few words with reference to Dr Dömötör's motion, more specifically in connection with what has fallen from Dr Crüger. Dr Crüger's contention was that this Congress could not be asked to take up a position with regard to a draft law of the contents of which it has no information and which relates purely to Hungary. That plea suggests a misapprehension as to what is asked. We do not ask the Congress to express an opinion upon the terms or provisions of our particular law, but only as a matter of principle on the general question whether it is admissible that any law should lay it down that there may be no sales to non-members. I believe the danger arising from such prohibition must be apparent to every co-operator at the first glance. Therefore I too beg the Congress to vote for Dr Dömötör's motion.

Count ALADÁR ZICHY (Hungary): I think it will be well if I clearly state what opinion we Hungarian co-operators hold with regard to the question whether co-operative societies should be permitted to sell goods to non-members or not. As an ideal the restriction of sales to members is not to be objected to. However, in Hungary, the majority of co-operative societies were formed for the distinct purpose of benefiting poor people requiring assistance and support. Our co-operative movement, I may explain, really proceeded



from the initiative of men of the upper classes who were anxious to come to the rescue of the poor. Now, although we are altogether in favour of sales to members only, as a matter of principle, we are, on the other hand, bound to take actual facts into account, and to think of our societies and their continued existence, and my impression is that a law flatly forbidding sales to non-members would inflict grievous harm upon those societies. I should accordingly like to discover some middle way likely to satisfy us all. I believe it is to be found in this: that we oppose the restriction of sales by law and leave it to societies themselves to settle this point by means of their rules. If this is adopted we shall be satisfied. (Cheers.)

Herr VON ELM (Germany): I move that the question be now put. In my opinion the matter has been sufficiently discussed. The various opinions have been pretty fully stated, and we are now all in a position to form a judgment. If we continue to debate we shall not be able to carry through our programme.

The VICE-PRESIDENT: The question is that the question be now put. The ayes have it. I call upon the reader of the opening paper to reply.

Dr HANS MÜLLER (Switzerland): I shall detain you only very few minutes. It is quite impossible for me to deal with all the points which have been raised. I will single out only these few.

First, as to cash payments and sales to non-members. My position is this, that I hold that you must not change things too suddenly. You must leave a period for transition, in which things can settle down. Experience has made this very clear to us in Switzerland. There are societies there which have granted credit within moderate limits, and those societies have not come to grief, their foundation has not become shaky, and they have not involved their members in ruin. Quite the reverse. Such societies have gradually, very gradually, tightened their meshes, excluding credit bit by bit, and introducing cash payments. There are societies on the other hand which decided a considerable time ago in favour of cash payments only. They have not been able to carry through their principle with absolute strictness. Precisely the same thing has happened in Germany. We really cannot in this matter adopt doctrinaire views and absolutely rule credit trading out all at once. That is our ideal, an ideal which it is incumbent upon us steadily to keep in view. By such means we shall by degrees arrive on the right path. However, having practical conditions to

deal with, we have found ourselves compelled to discover some middle way between fact and ideal. You must leave some elbow room to move in, and if there is to be a co-operative law having it for its object, to encourage and promote co-operation, such law will have to leave co-operative societies a certain amount of latitude. With regard to this point I should wish to go further than Dr Crüger, who objects to my conception of co-operation as a great national economic organisation of distribution, and will have it that our societies represent only an alternative form of commercial enterprise, resting substantially on the same basis as capitalist trading. I entirely repudiate the view that we form nothing more than a link in a chain of capitalist enterprises. Herr Wrabetz has disposed of that view in a telling manner. You cannot treat our societies as commercial or industrial concerns, seeing that the number of their members is limited. However, if we are not commercial or industrial concerns, we cannot be said to form part of the capitalist commercial and industrial system.

Look at it from another point! The essence of co-operative societies is solidarity and organisation. The essence of commercial trading is competition. What is the ruling principle in co-operation? Altruism and love of our neighbour. What is the ruling principle in trade? Egotism. Now who is to maintain that the two are essentially the same thing? The Bible says: You cannot serve God and Mammon. I say: you cannot serve the people at large and Mammon at the same time. You may do either one or the other. You cannot do both. Either you must make the national interest your aim or else capitalism.

I think the result has shown the view for which I contend to be the correct one. It is on such lines that we have inaugurated a sound co-operative policy. And that view, I would observe, has not originated in Switzerland, but in England. Herr Wrabetz was utterly wrong in contending that the Equitable Pioneers of Rochdale had no object in view except to find an escape from pressing distress, and his memory must have fatally failed him with regard to Mr Holyoake's book. The Rochdale Pioneers had ideals. And to the present day British co-operative societies hold fast by those same ideals. Those ideals are, that in the place of the present economic system, which rests on the principle of competition, a new system should be substituted resting on the principle of solidarity. Well, if this is so, if it is to the higher aims pursued that we owe our resiliency, our energy, our enthusiasm, by all means let us cherish and value those

aims and not be ashamed of them! My opinion is that we cannot act more fully in the spirit of Christian love of our neighbour than by vigorously exerting ourselves to replace the present economic system by the co-operative. By such means we shall introduce order into production, and justice into economic life. This is what we are aiming at, and it is also what Christian ideals and Christian love of our neighbour demand that we should do. Why do the gentlemen on the other side show themselves so very ready, with very questionable logic, to restrict the competition of co-operation with ordinary trade, and to accept ordinary trade, as they put it, as a link in the economic chain, a servant of the public? That is precisely what we want to make it. But is trade to-day, as a capitalist enterprise, really the servant of the public? It is its master! It is for this reason that we are called upon to regulate anew the relations between production and trade, and distribution and trade in such wise as really to make those interests the servants of the public, and that, I contend, can be done only by means of co-operative organisation.

One more point! I have been accused of indulging in uncalled-for attacks upon the press. I have had no intention whatever of doing so. I have simply put it on record that at the present time there is still much ignorance prevailing in the press with regard to our co-operative aims, and that the press does not do adequate justice to co-operation. I have also said that there are interests represented in the press which are at variance with our aims. A portion of the press certainly contends for narrow sectional interests. To some extent the press is also in the possession of capitalist power, which of course contends against our interests. Most gladly shall I recognise the work of the press when it shows a proper appreciation of our aims, a proper knowledge of our acts, when the press does such justice to co-operative distribution as we have a right to expect. However, I am free to say that thus far we have been misunderstood—misunderstood in a quarter whose first duty it is to promote general national interests and to remove obstacles in the way of undertakings of public utility. (Loud cheers.)

The VICE-PRESIDENT: The resolution (Mr M'Innes') submitted to the Congress is as follows:—

"This Congress, being of opinion that distributive co-operation providing the necessities of daily life is as urgently needed in rural districts, for the promotion of thrift, education, and well-being among small cultivators

and labourers, as it is in towns in the interest of industrial workmen, calls upon co-operators in all countries to contribute to the best of their power to its establishment and extension."

Ayes! 125. Noes! 2.

The resolution is carried. (Loud applause.)

Close of the sitting at 1.30 P.M.

## WEDNESDAY, 7th SEPTEMBER.

### SECOND MEETING OF THE CONGRESS.

*Held at the same Place.*

The PRESIDENT, Count Károlyi, declared the sitting open at 9 o'clock A.M.

Mr H. W. WOLFF (United Kingdom, Chairman of the Alliance) made various business announcements with regard to the proposed visit to Belgrade and Vrania, the banquet to take place the same day on the Margaret Island, and the lantern lecture to be delivered next day by Dr Hans Müller. He also invited members of the Congress to inscribe their names in the Congress list, and to apply for the additional Congress papers which had arrived.

The PRESIDENT: Our vote yesterday was taken only on the motion submitted by Mr M'Innes, but not on that proposed by Dr Dömötör. I beg Dr Dömötör to state his proposition very briefly, after which we will take the opinion of the Congress upon it.

Dr LADISLAUS DÖMÖTÖR (Hungary): Gentlemen, I had the honour yesterday of submitting to you a resolution, the object of which appears to me to have been misunderstood in some quarters. I notice, for instance, that Dr Crüger objected to it on the ground that it mixes up the general question with the consideration of a draft Bill now before the Hungarian Parliament. However, my resolution does not even mention the Hungarian Bill, and I think I may say that my motion has no reference whatever to any concrete case, but is intended to deal only with general principles. The reasons why I think you should support it are plainly stated in the rather comprehensive paper which I have submitted to you. I will not read that out now,

but only quote the pith of my motion under these two heads:—

1. "Legislation on co-operation ought to recognise co-operative unions as self-governing bodies for the vindication of their interests and the exercise of control."

2. "The law should not attempt to lay down hard and fast regulations limiting the action of co-operative distributive societies. Any such restrictions ought to be reserved for the rules of each society."

So far as I have been able to follow what has been said, there appeared to be yesterday a general consensus among speakers in favour of these points, and accordingly I hope that my motion will be adopted.

Mr H. W. WOLFF: Dr Dömötör's resolution appears to me objectionable on account of its length, and also of its entering into matters with which really the Congress has no business. I beg to submit as a counter proposition the following resolution drafted by myself, which has obtained the approval of the Central Committee:—

"This Congress is strongly of opinion that co-operative societies should not be in one country made subject to the jurisdiction of different authorities, but that the interest of co-operation demands that there should be one sole authority competent beyond doubt to deal with co-operative questions, like the English Registrar of Friendly Societies, to administer the law in each country, in order that the rulings given may be undoubtedly just and uniform; furthermore, that the control and supervision of co-operative societies is a matter primarily for themselves, acting through their union or else for an authority like the one already spoken of, but should not in any case be entrusted to authorities standing outside their own movement, such as Chambers of Commerce, whose interests might clash with those of co-operative organisations, and lastly, that although in general it is a good rule that the sale of goods should be limited to members only, yet the extension of the co-operative movement and the interest of the poor, who stand in greatest need of co-operation, render it desirable that distributive societies should not be forbidden to sell their goods also to non-members, in order that, after the example so brilliantly successful set by the British co-operative societies, poor people may by such means be enabled gradually to accumulate the amount due for a share entitling them to membership."

The PRESIDENT: In substance the two resolutions are identical.

Dr DÖMÖTÖR: I accept Mr Wolff's resolution, and agree to withdraw my own.

The PRESIDENT: Then we vote upon Mr Wolff's resolution. (It is adopted *nem. con.*)

The PRESIDENT: I call upon Count de Rocquigny to open the discussion on the second point of the programme by briefly summarising his printed paper.

COUNT DE ROCQUIGNY (France):

### **The Duty of the State towards Co-operation : Should it Subsidise it or not ?**

THE present is not the first occasion on which the International Co-operative Alliance has directed its attention to the part which the State may be considered called upon to play in the matter of co-operation. At the Congress of Delft, on the proposal of M. Henri Buisson, a motion was adopted which lays it down that the State should not take or sanction any measures, by legislation or otherwise, which might interfere with the free growth of co-operation, or place obstacles in its way; that it should rather encourage co-operation in all its forms, and by means of liberal and tolerant legislation make its benefits accessible to the largest possible number of persons.

Co-operation has advanced since then, and we have advanced with it. Co-operation is better and more widely understood. Its economic and social value is admitted. The time, then, appears to have arrived when it may be advisable to determine with somewhat greater precision how the State ought to act with regard to it. I am going to endeavour to do so.

It may be admitted from the outset, and I frankly subscribe to the proposition, that co-operation must, if it is to be co-operation at all, be and remain essentially a product of free, private enterprise, one of the master productions, that it is, of the spirit of association, which is extending its sway, little by little, among all classes of society, to the unspeakable benefit of material and moral progress. Spontaneity and independent action constitute its title of honour, which co-operation should never be prepared to sacrifice, as it would infallibly do if the State were to become too much a master to it. That is why the most convinced advocates of self-help, timidly jealous of their principles, will not hear of State intervention at all, even if its avowed object and effect should be to multiply co-operative institutions and diffuse co-opera-

tive spirit. As a matter of theory this contention is absolutely incontestable. However, we do not live in an ideal world, and strict logic is not everywhere applicable. No doubt there is one country, represented at this Congress by co-operators of authority, in which self-help, having been cultivated for a long time back and perfected and fortified, is sufficient for itself. However, in the majority of other countries, the spirit of private enterprise has scarcely yet taken sufficient root to leave co-operation, with its hesitations, its weak points in the stage of inception, and also the fierce attacks directed against it by implacable foes, altogether to its own resources. For some time at any rate in those countries co-operation, in my opinion, must need the sheltering protection of the State.

Now, is the State, on its part, justified in affording such protection? Without hesitation I answer: Yes.

Let us consider! In modern times the State has duties thrown upon it of which an earlier period never dreamt. Advancing civilisation, the extension of ideas of justice and "solidarity," imperatively impose such duties. Do not Parliaments pass laws which provide "social legislation," for the protection of labour, compensation for accidents, old age pensions, sick insurance, &c.? Well, the same considerations which prompt such measures also prompt protective action in favour of so valuable an educating, emancipating, stimulating, and moralising factor as co-operation, since co-operation is one of the most efficacious means yet devised for improving the lot of the working classes. Under modern conditions therefore the State cannot possibly remain indifferent to co-operation. There is no more apt means at the disposal of the world for raising the working classes to a higher level, for infusing into them the spirit of mutual interdependence and community of interest. Co-operation in its well-known motto proclaims the soundest of all principles: "All for one and one for all." To the defiant and egotistical individualism of nations, hardened in the backward reasoning and customs of the past, it opposes the altruism of modern days, which aims at unceasing progress in the direction of the improvement of social relations, and of the extinction of human suffering.

Looked at in this light, co-operation becomes almost a social virtue; and is not the State accordingly, I do not say merely justified, in assisting it, but actually called upon to do so?

I think we shall have to admit the legitimacy of State intervention. But without question State intervention must

have certain limits. I think the following will answer the case:—

(1.) State intervention must not in benefiting co-operation injure any other legitimate interest; and

(2.) It must not be carried to the point of permanent protection or "relief," because that would prevent the co-operative institutions favoured, from acquiring a vitality of their own.

I need scarcely labour the first point. Evidently the State owes equal protection to all citizens, for all contribute, equally according to their power, to the public charges. However, if the favour accorded to co-operation were to hamper such or such calling in the pursuit of its business, cause it actual loss, or even only lessen the certainty of its gain, evidently there would be an end of even-handed justice, and those who were made to suffer thereby would have just cause for complaint. Co-operators themselves could scarcely wish that this should happen. For they would lose by it more than they possibly could gain, since the justified hostility awakened among their foes could scarcely fail to prejudice their cause in public opinion.

The danger here adverted to is particularly serious in the case of distributive co-operation, which is in any case placed in competition with small commerce. It would certainly arise if the State were to create for co-operation a privileged position. So much for the first point.

Now for the second. Evidently State intervention must not become permanent or be exercised by the use of artificial means. Its legitimate object is to stimulate private enterprise, to give it encouragement and help it to overcome initial obstacles, not itself to take its place. That would deprive co-operation of its best characteristic, and make it short-lived. The State cannot take upon itself to force some particular kind of co-operation upon any particular locality. For the successful establishment of co-operation requires a degree of judgment, in estimating the chances of triumph, and the particular aptitude of the local people, which the State can never hope to possess. Moreover, such action of the State as is here cautioned against would estrange public opinion by suggesting the presence of some political object. The first impulse must in every case proceed from individuals. However, these individuals, so I contend, must be placed in a position which warrants them to count upon the goodwill of the State, as an assistance in developing co-operation. If this principle is observed, co-operation will still remain spon-



taneous and self-governed, and produce something possessing a vitality of its own, though placed from the outset on a surer footing. Those who practise it may be trusted to resent and resist any attempt made by the State actually to dictate to them or to convert what should be a self-help institution into something resembling a public service.

Once more, granting that State assistance should be given, the caution is necessary that it should not be continued beyond the initial stage of difficulties and hindrances. The State should assist at the first start and then cease. That is how we in France understand the State help given among ourselves to working men's productive societies and cattle insurance societies.

These principles having been laid down, let us follow them up in their various applications!

## I.

All the world happily is agreed on one point, and that is, that co-operation is entitled to expect at the hands of the State legislation favouring it without trenching on any other legitimate interest. There must be no excessive fees, no taxes or other charges, which are exacted rightly enough, in the case of joint-stock companies aiming at gain, but are out of place when applying to co-operation. In most European countries there is at present special legislation coming more or less near to such ideal. However, it is not so in France. Our Parliament, it is quite true, has placed a co-operative law upon its agenda ever since 1888, and repeated attempts have been made to pass one. However, political difficulties have invariably been found to stand in the way. Whatever exemptions from certain fiscal charges co-operation now as a fact enjoys in France, it enjoys not as co-operation but as a calling coming under some special Act exempting it by name. In this way distributive societies are exempt from license duty, and, in respect of their annual dividends, from the 4 per cent. tax on income, because it has been ruled that their surplus is not income. In the same way a special Act of 1894 specifically exempts agricultural credit co-operation. In conclusion, agricultural sale and productive societies, such as dairies, enjoy immunity from license tax under a law of 1880, on the supposition that the goods in which they deal or which they handle are simply their own produce, raised on their own land.

## II.

There is another form of State help which is as little open to question, and that is State help exercised in the direction of education as a means of leading the mass of people to understand the meaning and value of co-operation, and bring up the growing generation with a knowledge that here they have an excellent means ready to their hand for materially and morally raising the working classes, and an effective weapon for fighting competition.

There are indirect means, no doubt, open to the State for cultivating such knowledge. Distinctions and rewards awarded to co-operative institutions and their promoters are not by any means to be despised. Prizes and medals help not a little. I would mention here one method adopted in Italy which appears to me particularly worthy of notice. The Government awards prizes to institutions formed to promote the progress of the working classes and the improvement of their condition. The king has personally carried this system further by inviting specifically co-operative institutions, such as dairies, vine-growers' societies, rural distributive societies, farming societies, silkworm societies and the like, to compete with one another for prizes which he has offered. The result of such competition is of the happiest. Not only is merit rewarded, but the prize-winning societies are singled out to serve as recognised models to others, and so a general improvement is effected. It would in my opinion be well if the same method were followed elsewhere.

Technical education is another perfectly legitimate means by countenancing which the State may usefully benefit co-operation. Thus in some countries, where the State makes it its duty by such means to encourage improved dairying, it may be observed that the implements employed in dairying are all of an improved order, and dairying is thereby made the more remunerative. In France a rather important cluster of co-operative dairies have benefited in this way, in the two Charentes and in Poitou. They were formed in and after 1888, on the purest of co-operative lines, founded on self-help alone. The State observed their work, and came to the conclusion that it would be well to afford some encouragement, for dairying of such kind adds to the wealth of the country. Accordingly it established at Surgères, in the Charente Inférieure, a dairy station, the manager of which is under instructions to visit the co-operative dairies from time to time, to see what they are doing and suggest improvements; also to keep them advised of any new implements or machinery

brought into use, to execute chemical analyses for them, study new markets, and render help in similar ways. A dairy school is attached to the station in which young women are brought up for dairy service.

When M. Dornic, the present manager, attended the Manchester Congress in 1902 as delegate of the co-operative dairies of the Charente, in quest of new markets for them, exhibiting samples of butter, undoubtedly he personified State help.

As to the cheese-making societies in the East of France, the State did not fail to detect in them a promise of utility to material welfare, and promptly came to their assistance with model cheeseries, technical schools, and the like, maintained out of public funds. In Belgium the "ambulant" dairy schools, maintained by the State, train up expert dairy women and benefit co-operation not a little. In other countries the State aims at the same object when distributing pamphlets, model rules, manuals, and forms, when providing lecturers or gratuitous expert advice, &c. Whatever be the form selected, no one assuredly will want to cavil at so very useful an exercise of State help as that which benefits education.

### III.

In France and Italy the State has intervened to enable working-men's co-operative societies to compete in tendering for public work. Without such assistance, working-men's societies would in this respect have found themselves at a serious disadvantage. For, with the poor means at their disposal, how are they to find the security which it is usual to ask for from public contractors? The State has intervened to grant them exemption from such condition, in other words, it has placed them in a privileged position. That may seem theoretically objectionable. However, it is desirable that it should be so, for the further the sphere of competition is widened, the better security is there against excessive prices. And, under another aspect, it is unquestionably also desirable that working-men's productive societies should be encouraged, because they do the working classes economically and educationally incalculable good.

In France, the law of 1888 lays down the conditions under which working-men's co-operative societies may compete. They must be legally constituted, and the contract for which they compete must not exceed 50,000 francs. If that is so, they are not called upon to furnish security. In

the event of a tie with a non-co-operative competitor, it is they who are given the preference. Furthermore, barring some deduction kept back, they receive their money by fortnightly instalments. Under such conditions, however poor in capital they may be, working-men's societies can effectually compete. A testimonial showing the capacity of their technical chief serves as voucher for good execution. They are even admitted to contracts not given out by tender, up to 20,000 francs; and a law of 1893 has extended their privileges to work given out by the several local authorities as well.

In Italy, it is the law of 1889 which regulates this matter. It admits working-men's co-operative societies to contracts, competed for or within gift of authorities, up to 100,000 francs. One condition exacted, however, is, that of that amount the cost of labour should represent the major portion. Between 1889 and 1902, working-men's societies have in this way been enabled to tender for about 2,000 public contracts, representing among them a total value of about 32,000,000 francs, and the work is admitted to have been executed to full satisfaction. However, it has long been felt that this law did not go far enough. Last January M. Luzzatti, as Minister of the Treasury, brought in a measure which is to extend the limit from 100,000 to 200,000 francs, to suppress the provision with regard to the predominance of labour, and to admit the same societies also to the acceptance of contracts given by provincial and local authorities and public trusts. Such help, although it undoubtedly creates a privilege, surely remains well within the limits of what is legitimate.\*

In some other countries similar privileges are conceded to agricultural co-operative societies in respect of tendering for the supply of agricultural products. The cases are strictly analogous. The sphere within which competition is permitted should be widened as much as possible to guard against the abuse of excessive prices.

#### IV.

We now come to the method of State assistance which has proved the most efficacious, but which is also the most severely criticised, not merely by third parties, but by co-operators themselves, such of them, that is, as, in my opinion,

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\* Italy has 636 co-operative productive societies, of which 454 are labour and public service societies, 153 industrial productive societies, and 29 agricultural labour and productive societies.

carry the dogma of purest self-help to excessive lengths. I am alluding to direct State subventions granted in money under certain conditions, with a view to encouraging the formation of co-operative societies or promoting their development.

I must begin by stating what forms of co-operation there are which may be held legitimately entitled to benefit by such assistance. Distributive societies neither want it nor ask for it. Their co-operation is of the simplest, the easiest to practise. It is useful, of course. I do not mean to question that. It trains by education to solidarity. But it *does not create any new value by productive methods*. It contents itself with bringing about economy by means of reduced prices. And it does not require a large capital. It may begin with the smallest of means, and by its own work and the natural increase in the number of members make its capital to grow till it is equal to larger enterprises. Productive co-operation, labour co-operation, and credit co-operation are in a totally different position. Their want of sufficient capital may prevent their very coming into life. They have risks to run from locking up capital. They necessarily require working capital from the outset, and from the outset they must accumulate a reserve fund, to secure them against unforeseen contingencies. Pecuniary assistance rendered to them by the State at starting is no doubt calculated to promote their creation, and to encourage them, in the face of threatening difficulties, to push on, and overcome obstacles by sturdy perseverance. Without such useful aid how many societies, flourishing to-day, would never have been formed! How many, grown strong under encouragement, would have remained timid, hesitating and unfruitful!

What appears to establish the value of this method of State assistance beyond question is, that it is practised in so many countries in which co-operation has become particularly firmly established, and has proved particularly successful. There you may see it applied to productive co-operation both agricultural and industrial. There you may also see it applied to Credit Co-operation.

Take agriculture first. Co-operation for the sale of agricultural produce, for the improvement of breeds of animals, for cattle insurance, moreover for dairying, are the forms which have most largely benefited by the State action referred to. I will take some points *seriatim*.

(1.) I need scarcely explain to what considerable extent State aid has stimulated the creation and development of grain storage societies in Prussia, Bavaria, Württemberg, Saxony, Baden, and Austria. In some countries, as in Prussia, the

State has itself, with the help of a special fund voted (in Prussia it was 5,000,000 marks), set up granaries and let them out to co-operative societies for use. In others, as in Bavaria, the State has left the societies to set up their own granaries, but has granted them subventions and advances, the latter either entirely free of, or else at a very low rate of interest, without prejudice to other valuable assistance such as the gift of eligible sites near railway stations, the use of special sidings, preference given in the purchase of corn for the army, &c. In Austria not only does the State help such societies with free gifts and loans of money, subject to certain conditions, but local bodies do the same. In Lower Austria the Ministry of Agriculture not only constructs granaries, but also keeps them under its own management, which obviously is going too far, for the maintenance of granaries in such way becomes a veritable public service, wholly unco-operative.

In France, State assistance of a similar type has lately been proposed by M. Clémentel, who has tabled a Bill which some two hundred deputies support. Under this measure a sum of 5,000,000 francs is to be appropriated from the money falling due from the Bank of France as a fund out of which co-operative societies, making it their object to conduct the sale of agricultural produce or else its conversion into other goods, are to be subsidised. The money is to be granted free of interest. If that measure should pass, here would the same method of State help be applied in France which has yielded such excellent results in Germany.

(2.) The co-operative societies for the improvement of breeds of animals apply the co-operative principle in their own special way by issuing herd books, selecting sires, paying careful attention to breeding, organising competitive shows, special markets, &c. This kind of co-operation was first adopted in Switzerland, where it may now also be seen in fullest development.\* The State deems it well that it should render assistance to so good a cause, tending to increase national wealth. Under a law of 1894 it pays to each breed improvement society a subvention which varies between 100 and 300 francs. Moreover, the cantons grant money for prizes, and the State adds prizes of its own which are awarded to the best sires exhibited at the shows specially organised for the purpose. Both the speckled and the brown breed of Swiss cattle have special subventions allotted to them. Some

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\* There are in Switzerland about 400 breed improvement societies, about half of which breed the speckled cattle and the other half the brown.

cantons add help in other forms. Thus the canton of Vaud has instituted courses of technical instruction for secretaries of breeding societies. Students are in such courses taught everything that they need to learn. They are lodged free of cost in barracks while the course lasts, and allowed travelling expenses and free board. In Bavaria the State recoups the societies of the same sort half the cost of their bulls, which they purchase, besides paying inspectors of breeding societies and endowing prize lists at shows.

(3.) State assistance is furthermore granted not infrequently to co-operative insurance societies. This is the case in Belgium, in France, in Austria, and elsewhere.

In Belgium the live stock insurance societies receive a State subvention at the time of their formal approval by the authorities, amounting to 1 franc per animal insured, with a minimum limit of 100 francs and a maximum of 600 francs to pay the first formation expenses. Moreover, an annual grant of 25 francs is added on condition of their making a return of their doings in the first year before the 1st of March. The State furthermore subsidises the unions of assurance societies formed for the purpose of effecting re-assurance to the extent of an amount equal to all the premiums received from the local societies, which makes the State share in the undertaking to the extent of a full half. That, once more, appears to me to be carrying a sound principle too far.

In France, State assistance to agricultural co-operative insurance societies—for the most part humble little societies like British cow clubs—is given in two forms, namely, either by small subventions or by special legislation. These methods have both been proved useful by experience. In 1898 M. Méline, at that time Minister of Agriculture, obtained from Parliament out of the credit voted to compensate agriculturists for certain losses sustained, a sum of 500,000 francs, which was employed to subsidise small cattle insurance clubs. That figure has now been increased to 700,000 francs. However, more than such subvention was required, because a mass of costly and troublesome formalities stood in the way of the formation of our modest little societies. On the motion of M. Viger, late Minister of Agriculture, the French Chamber accordingly agreed to exempt co-operative cattle insurance societies from the formalities and expenses referred to. Since 1900 there has been no stamp duty or registration fee to pay, provided that the societies are administered by unremunerated managers and do not aim at profit. They are admitted to the privileged status of professional syndicates. This has proved a great boon. The

Minister of Agriculture has supplemented it by giving subventions which are intended to help newly formed societies over the difficulties of first existence. I think those subventions have been distributed with fairness, though left to the Minister's discretion. Fixed rules are, however, now to be laid down. The grants in question range, as a rule, from 500 to 1,000 francs. Societies of more than a year's standing, generally speaking, receive none. They are supposed to have become strong enough to stand on their own legs. In exceptional cases, however, such as heavy losses by cattle disease or else difficulty in accumulating a reserve fund, they are still allowed some assistance. In such cases, regard is paid to the efforts made by members themselves to maintain their society solvent, but with this proviso the preceding year's loss is taken as a standard for the grant.

Co-operative associations for insurance against fire and hail—humble little provident societies—are also permitted to benefit by grants. The assistance offered has been claimed by some societies of the sort in the region of Lyons, formed under the auspices of the Union of Agricultural Syndicates of the South-East.

I would here put it on record that this kind of State help has proved of the most satisfactory effect in helping to stimulate the practice of co-operative insurance in France.

Something like 2,000 small co-operative insurance societies have been formed since the subventions were decided upon and legislation was amended; and I want to point out that such societies are by no means artificially coddled hot-house plants. There is nothing forced about them. Once they have, thanks to the succour of the State, weathered the first dangerous period of existence, they show themselves fully self-supporting. They have combined to regional unions for re-insurance; and the prevalence of these small mutual societies has helped considerably to develop and foster a spirit of "mutuality," qualifying people for the exercise of higher forms of provident action and co-operation.

Accordingly, State aid may be said to have scored on this ground an unquestionable success.

In various States of Germany, State assistance is given in similar ways to co-operative cattle insurance societies, most generally by grants to unions which re-insure the societies' risks. In Bavaria the Government has itself established and endowed two insurance institutions to serve this purpose, one for horses, the other for cattle. The cattle insurance bureau, which unites all the independent local societies, receives in addition to an original State endowment of 500,000 marks,



an annual grant of 100,000 marks. Also, in certain contingencies, local societies receive State subventions. Things are very similar in Austria.

In conclusion, I ought to mention that, as is attested by Dr Bernát, in Hungary the co-operative society for agricultural insurance (fire and hail) has been subventioned by the State to the extent of one-fourth of its capital, i.e., 400,000 K.

(4.) Next in natural order follows co-operation practised in labour, production, and the transformation of raw produce into finished products. State aid may be, with very great advantage, applied to these forms of common enterprise. Let me quote a few instances.

In France a vote of 140,000 to 160,000 francs is every year included in the Budget in aid of working men's productive associations. The grant made is as a rule to help a young society over its first difficulties. There is an extra Parliamentary committee appointed to apportion the several grants. Once the rough ground is got over, that committee, in the words of its chairman, says: "Now shift for yourselves, you receive no more from us!" They do, nevertheless, in exceptional cases, which seem to warrant it. In such way between 1893 and 1896 133 societies have received subventions varying from 500 to as much as 19,500 francs. The ordinary figure is 1,000 francs. Here, once more, is a simple go-cart aid, such as I am contending for, to put a young society on its legs. However, the union of working men's productive societies has, since some time, been advocating the substitution of repayable advances for non-repayable gifts.

On agricultural ground this class of productive societies is represented by dairies, vinegrowers' societies, sale societies, societies for the transformation of produce, and the like. Agricultural syndicates, which are well known in France as a most useful institution, have never received a farthing's subsidy from the State, and never asked for it. They do not want it. They have no capital of their own, and their management expenses are infinitesimal. As a rule they are covered by members' subscriptions and a small commission levied on business. By such means they gradually accumulate a small capital which quite suffices for their needs.

Dairies, cheeseries, &c., have likewise, I believe, never asked for a subvention or received one. They raise the money which they want by shares and loans.

In Belgium, on the other hand, the State helps co-operative supply societies by contributing one-fifth of the value of the improved implements and machinery purchased by them for their members. That has helped to make the

use of improved machinery common in the country, to the advantage of agriculture. Also the State contributes the funds for shows, prizes, &c., up to a third of the total expenditure. Unions of societies recognised as of public utility also receive State grants in aid of the inspection of local societies by the unions, of lectures on co-operative insurance and co-operative credit, and of shows and prize lists.

If I am correctly informed there is also State aid practised in this connection in Ireland, and certainly co-operative dairies receive State grants in Austria and Hungary.

Denmark is the country of all others of successful co-operation applied to agriculture. In it State aid has proved particularly fruitful of results. Considerable State grants are made to breeding societies and control societies, which trace the effects of improved breeding and feeding on material yield. However, the specifically characteristic feature of Danish State aid is to be found in the agricultural "counsellors," appointed and paid by the State, experts each in some particular branch of the calling, who act as inspectors and advisers to practical agriculturists. Their advice has proved most valuable, more specifically to dairy societies, slaughter-house societies, and breeding societies, &c. The State even maintains commissioners abroad to watch Danish exportations and to open new markets. And it subsidises the societies which provide expert advisers for the benefit of their members. In 1900 the State paid about 150,000 kroners for agricultural advisers. All this has, as observed, proved of very great value to Danish co-operation. But this probably is because co-operation was so admirably organised before in Denmark as to be able to take full advantage of it. In less advanced countries the effect might be less.

## V.

I now come to the last form of State assistance, the most efficacious of all, but also the most criticised—I mean grants of money or advances to institutions of co-operative credit.

(1.) Prussia it is which has led the way in this kind of assistance. The Prussian State has established a Central Bank endowed at present with 50,000,000 marks of public money to minister aid to local credit societies, and to take their deposits. It is under Government administration. Its business figures at about 8,000,000,000 marks per annum. It advances money freely without cover to the large unions of co-operative credit societies, but is careful to secure itself in dealing with local societies. There is no need to insist upon

the great utility of this establishment, which is well appreciated in Germany.

(2.) Our French system is built up upon the same foundation of liberal State endowment, but its methods are different. In 1897, on renewing the charter of the Bank of France, Parliament insisted that, as the price of renewal, the Bank should undertake to advance, free of interest, for the time during which its charter is to run, 40,000,000 francs for the use of agricultural credit, and, in addition, to make an annual free grant out of its profits, which is determinable according to the volume of its business and the ruling discount rate. But that grant must never fall short of 2,000,000 francs per annum. The idea which prompted this arrangement was this, that agriculture did not derive from the Bank of France, an institution established to help the country with discounts and re-discounts, the same benefit which commerce and manufacture do, because the Bank will only discount short paper, which is of no service to agriculture. By the new means adopted the Bank was accordingly to be compelled to render to agriculture in a different shape the service which it was taken to have improperly failed to render before, though in duty bound to it. The action taken in 1897, however, if it were to prove of use, required to be supplemented. There must be a channel formed through which the money granted could be dealt out. Accordingly, in 1899, an additional law was passed authorising the formation of "regional banks" to serve as such channel. Agricultural co-operative credit institutions had already previously been allowed certain privileges, if they would combine to larger unions providing greater security. They were in that case allowed to take deposits and contract loans. However, only little had been actually done under this head. The law of 1899 introduced "regional banks." They are self-administering bodies, formed with the aid of shares, and their members are local agricultural syndicates. However, they are supervised by the State. They are authorised to discount local societies' paper and to make advances. The money which they employ for this purpose is that supplied to them by the Ministry of Agriculture out of the funds made available by the Bank of France. The Ministry in this matter acts on the advice of a departmental committee specially instituted for this purpose. The money is advanced free of interest, for terms not exceeding five years. The "regional bank" in its turn charges the local societies 3 per cent. for such money. The principle of advancing money free of interest has been taken exception to. However, there is really nothing objectionable in it in this

application, because it is not the local banks who derive benefit from it. Since the passing of the law of 1899, more than 50 "regional banks" have been formed in pursuance of the law, representing more than 500 local societies. The sums actually handed over by the Bank of France amounted at the close of 1903 to 68,700,000 francs. But of all this money scarcely 10,000,000 francs has been actually claimed. The annual contribution of the Bank of France in 1903 amounted to 4,300,000 francs. Supposing that it continues at 4,000,000 francs, by the time that the Bank charter expires, there will have been 137,000,000 francs paid over in all, out of Bank of France funds. But then the loan of 40,000,000 francs will become repayable. Should Parliament avail itself of its right to determine the charter in 1912, there will be 107,000,000 francs thus accumulated, from which the 40,000,000 francs will have to be deducted. Whichever of the two contingencies takes place, when the time comes, the agricultural credit institutions may be expected to have acquired sufficient strength of their own to stand on their own legs.

I ought to add that a similar arrangement has been made with the Bank of Algeria in respect of agricultural credit in Algiers and in Tunis. In respect of Algiers the said Bank has been made to pay over 3,000,000 francs as an advance bearing no interest, and is now paying an annual quota of 200,000 to 300,000 francs. Should it avail itself of its right to establish a branch bank in Tunis, it will in that country have to pay severally 1,000,000 francs and 66,000 to 100,000 francs.

There is one more credit subvention to refer to. The Bank of Working Men's Co-operative Productive Societies at Paris, which serves these societies well as a credit organ, has in 1893, on its foundation, received a State grant of 50,000 francs as a free gift.

(3.) In Austria comparatively very much more has been done in the way of State aid to co-operative credit institutions. In Lower Austria, ever since 1887, every Raiffeisen credit society newly forming has received a first endowment grant, which used to stand at 250 florins, but has now been reduced to 200 florins. Moreover, it is entitled to borrow money from public funds appropriated to the purpose to the extent of 2,000 florins at 3 per cent. Such assistance has proved effective in promoting the formation of a large number of credit societies of the type indicated. Similar things are done in Bohemia, Moravia, Styria, and in fact in all parts of the Hapsburg Empire.

I cannot now stop to tell of Russia, Poland, Belgium,

Denmark, Servia, Sweden, and other countries. In respect of Italy, the late Minister M. Maggiorino Ferraris has proposed a measure which would, if carried, place very large public funds, indeed, at the service of agriculture, and entitle every agricultural cultivator to a credit corresponding to the land-tax which he pays.

I may conclude by saying that in all countries the need of credit for agriculture has been felt and admitted, and in nearly all the State has considered itself called upon to render help in order to provide it.

I have now only to draw proper conclusions from what I have said.

My belief, then, is, that State aid, as a means of stimulating co-operation, promoting the formation of co-operative societies, furthering their development, and vivifying private enterprise, is wanted, and is not open to any tenable objection. But such assistance must be limited. It must not trench upon the province of any other legitimate interest. It must not become a permanent source of support, which would mean the creation of spurious co-operation. Whenever in the past such limit has been overstepped, the result has been the creation of ephemeral institutions bearing the name of co-operative, but not possessing its attributes, and without vitality of their own. It will have to be recognised that on this ground the danger of abuse lies perilously near to legitimate use. Another danger inherent in excessive State aid is the abuse of co-operative institutions for political purposes. However, when all is said, I remain convinced that the uses of State help to co-operation overbalance the danger of abuse, and that there is real advantage to be set to its credit.

I conclude with the following motion:—

“This Congress is of opinion that the social value of co-operation warrants a moderate intervention of the State, for the purpose of encouraging its application and favouring its development in countries in which private enterprise is not strong enough to serve such purposes by itself. However, it holds that in its intervention the State should observe the following principles:—

“(1.) Its intervention should not injure any other interest entitled to consideration.

“(2.) It should not degenerate into permanent assistance, since that would prevent co-operative institutions from acquiring vitality of their own; it should come to an end when the societies assisted have become strong enough to subsist by their own strength.

“(3.) It should assist and encourage private enterprise

without attempting to replace it; it should respect the self-government of co-operative organisations, and be given in accordance with equitable principles without ever subordinating its favours to political considerations."

(For other papers on the same question, see pp. 221 to 319.)

Dr ALBERTI (Germany): An amended resolution has just been communicated to us, which says:

"This Congress, accepting the uncontested principle that the organisation of co-operative institutions must have individual effort and mutual aid for its basis, but at the same time recognising the fact that in some countries State intervention has favourably contributed to the development of co-operative societies, which could not have been developed by other means, is of opinion—

"(1.) That co-operation is by reason of its social value entitled in all countries whatsoever to benevolent and even favourable treatment on the part of public authorities.

"(2.) That in such countries in which State intervention, applied in the form of subventions or advances, is held to be necessary for the development of co-operation, such intervention should be moderate and temporary, and should scrupulously respect the self-government of co-operative institutions."

I presume that the resolution, so modified, is Count de Rocquigny's, or else is submitted with his approval.

Mr H. W. WOLFF: That is so. The new version has been substituted by Count de Rocquigny for the original.

Dr ALBERTI: Now I move as an amendment that the second clause, as just read, be simply omitted, and I will state my reasons. My objections are in the main the same as those to which I gave expression four years ago at the Congress of Paris. It fell to my task then to report on State intervention in the formation and management of co-operative credit societies. This is the motion which I then submitted on this subject:—

"(1.) The formation and management of co-operative credit societies should be left to private initiative. The supply of the funds requisite for the business of such societies should in the same way be left to private initiative. Every financial subvention from the State is to be rejected.

"(2.) It is the duty of the State to create by legislation, and to develop according to changing economic circumstances, the legal conditions necessary for co-operative credit societies. It is the duty of the State to promote co-operation, and, as

part of it, credit co-operation, by means of the protection which it may be expected to afford to co-operation of all forms. It is its duty to disseminate a knowledge of co-operative principles and of their advantages and in its economic policy to avoid everything which might interfere with the foundations upon which co-operation must rest, to wit, self-help, self-government, and a sense of responsibility."

My argument then, so it will be seen, was, that every manner of subvention by the State should be rejected. And my opinion supporting that argument is based upon forty years' experience collected in our Co-operative Union. Our Union has made it a point throughout its existence to refuse all State aid, simply because it holds that State aid must necessarily weaken the three great pillars upon which our action must necessarily rest, viz., self-government, self-help, and a sense of responsibility. The brief time which the Congress rules allow me for speaking does not admit of my pleading my reasons at length. I will merely explain now that all the experience which I have gathered since the Paris Congress has served only to confirm my opinion. We have continued to adhere unwaveringly to our old principles and we have found that on the ground of those principles our co-operation has grown very considerably stronger. We have accordingly no reason whatever to abandon our accustomed standpoint, and I must here once more insist that financial assistance from the State is not for the benefit of co-operation and is therefore to be rejected. (Loud cheers.)

M. P. N. ISSAKOFF (Russia): Before beginning my remarks, I have a duty to perform which is to me at once a distinction and a pleasure. It is to act as spokesman for our Russian co-operators. The Central Committee of Russian co-operative societies has instructed me to convey to this Congress its most sincere good wishes for the successful accomplishment of its Congress labours and to present to it our friendly salutation. (Loud applause.)

After that I am not going to enter at length into the question under discussion. All I wish to do is to communicate to you some information which, I think, is of a nature to interest the Congress, with regard to what is actually going on in my country. I fear that it would be impossible to settle the question now before us in a categorical fashion without settling it to the prejudice of some countries, among them my own. For the circumstances in which, for instance, Russian co-operators are called upon to act are altogether peculiar. To admit the legitimacy of State aid on principle would be to weaken most seriously the fundamental pillar

upon which co-operation must rest, that is, "self-help." What we shall have to admit is the legitimacy of joint action between private initiative and State intervention. That is what we have actually accepted as a rule in Russia, where there are two institutions which work in concert for the extension of co-operation; namely, a central committee composed of independent persons, whose object it is to stimulate private action, that is, self-help, in its widest application; and secondly, a special State Board formed in connection with the Imperial Bank, and whose office it is likewise to promote co-operation, but in a different way. The last-named authority does not interfere in the internal affairs of co-operative societies. Its action does not, accordingly, prejudice the principle of self-government. It leaves every co-operative society to conduct its business in accordance with its own rules, to regulate its own affairs. But it endeavours to smooth the way in respect of several general matters affecting co-operation, which are apt to present difficulties in the action of societies. The Imperial Bank pays no subventions to co-operative organisations, but it makes advances for fixed terms, which advances the societies profiting thereby are required to repay. The principle of private action is not therefore in any way interfered with. There is simply collaboration resorted to for the purpose of overcoming the difficulty which exists of making the popular masses understand what self-help means. And, circumstances being what they are, such collaboration can scarcely fail to prove a help towards the extension of co-operation and the formation of co-operative societies. In view of such facts, absolutely to forbid all State intervention would be to deprive certain countries of a form of assistance which may be necessary and will in any case be benevolent. No doubt private, independent action must be our ideal. However, there are several ways by which we may arrive at its attainment. Whatever you do, you will have to place within reach of co-operative societies the means of freeing themselves at the earliest possible moment of their connection with the State and of maintaining themselves by their own strength. That is what we are trying to accomplish in Russia, and what, I venture to hope, will prove fruitful of good results. It is very difficult to obtain the credit required by co-operative societies from business banks. It is far preferable, when you want credit, to have the State to go to for it. The terms insisted upon will be easier, and the periods for which loans are granted will be longer.

There are in Russia a goodly number of co-operative



societies which manage to do altogether without State aid. Of two very considerable credit societies, for instance, which we have, the largest is absolutely independent. The smaller has placed itself under State protection. We must leave societies liberty to make their own choice, to invoke State help whenever they consider such course to be needful.

That is what I desired to say. (Cheers.)

Dr KARL WOLFF (Hungary): Permit me to contribute a few remarks to the discussion raised by Count de Rocquigny's excellent paper, and seasoned by the admirable observations which we have just listened to from the last speaker. What I say is based upon twenty years' experience as a co-operator. I, myself, am all for self-help. But I admit that on the Continent, championing that opinion, I am in a minority. On the Continent things have in fact come to such a pass that one has almost to apologise for not being in favour of State help. (Laughter.) However, of all other provinces, that of co-operation appears to me the domain peculiarly marked out for independent action. (Cheers.) And independent action, we know, the State cannot call forth by compulsion. As little can it replace it by something else. Accordingly the State ought to keep its hands off co-operation altogether, not attempt to cause societies to be formed, or itself try to form them, because its mere appearance on such a scene means as a necessary corollary that wind and sunshine are no longer equally distributed, that there must be favourites and Cinderellas, pets and step-children, privileged and neglected ones. The State renders a legitimate service to co-operation when it removes obstacles which stand in its way, and when it provides for perfect freedom in the exercise of people's own powers. Beyond that point I hold that it ought not to go. Every one can learn swimming by being pitched into the water. More haste, worse speed! People have of late grown impatient and restless, more particularly in these Eastern countries, where they want to proceed in seven-league boots to get to the end of their journey at once. Plants must no longer be allowed to grow up slowly as nature has ordained. An entire forest must be conjured up overnight, and to produce it State aid is called for. However, there is one thing about State aid which is most prejudicial to co-operation. For the more you resort to it, the less willing do you make people to exert themselves. Once he has the State to look to for all benefits nobody will care to work. The service which State aid is supposed particularly qualified to render, and which I have to-day heard most frequently alluded to, is that of

providing a central organ for co-operative societies. But who is it that is the most properly called upon to create such central organ, be it a central bank or any other central institution? My contention is that just as individuals form a society, so societies among them should form their central institution—(loud cheers)—unless indeed they prefer to adapt an existing institution, but still the product of their own enterprise, to their use, so as to make it serve them as a central institution. I quite admit that that will require time. You will have to form local societies first, afterwards your central organ. But it also means certainty of success. At the outset, it is true, success may seem precarious. There is a period of early existence in which even societies independently formed may be dependent upon outside help for instruction and training. For want of such help and leading it is quite possible that a society may go down in its early days before there has been time for forming a central institution. It is said that all roads lead to Rome, and there are, no doubt, a variety of roads by which the desired goal may be attained. Thus co-operative societies may be formed by an institution already existing. Permit me to tell you something under this head from my own experience. In 1885—the very same year in which our esteemed President, Count Károlyi, took the initiative in forming co-operative societies in Hungary with such signal success—I, without any knowledge of what he was doing, started on the same path, and formed in three Saxon parishes of Transylvania as many co-operative societies on Raiffeisen lines. They caused me considerable anxiety in their early years. There was no lack of enthusiasm among members, it is true, nor of devotion; but there was great lack of training. Fortunately for the societies, I was at the same time managing director of the Savings Bank of Hermannstadt. That savings bank not only opened credits to the newly formed Raiffeisen societies, but also sent auditors and comptrollers down among them to check their business management and to assist them with advice. At the present time we have more than a hundred societies of this sort combined in a Union. The credits opened to such societies by the savings bank placed them in possession of the first funds required for their business. They helped them to overcome initial difficulties, to conquer the indifference and even distrust of the rural population, among whom the societies were called upon to act, and to secure for them the confidence of that population. The oldest among our societies have long since become entirely independent in matters of finance. However, none of them

could even to-day do without our savings bank auditing and control. What I want to do is to recommend our example of philanthropic help for imitation to the more important financial institutions of our Hungarian fatherland. I do not say anything about other countries, because I do not know their circumstances sufficiently. Philanthropic assistance, so I would point out, does not increase the dividend. But it does no harm. As it happens, most of our large Hungarian financial institutions suffer at present from plethora of funds. Some of the money lying idle in their chests might very well be turned to account for forming and assisting co-operative societies. At the present time, of all others, a time of social unrest and discontent, capitalists would do well to bear in mind that it is only by employment of their capital for the benefit of the community that they can propitiate public opinion. I should like to see among our large banking institutions a vigorous competition arising, not for the production of dividend, but for the exercise of philanthropic beneficence. (Loud cheers.)

Mr H. W. WOLFF: Time is getting on and there are many wishing to speak. I move that the time allowed for speeches be reduced to seven minutes. (Agreed to.)

M. PARINI (Italy): I do not propose to enter into the question before us at large, all the less since with regard to his main arguments I am in full agreement with the opener of the debate. However, as delegate of an Italian society, I should like to say that in our country, State aid has been necessary to bring about the formation of co-operative societies. We are now making very satisfactory progress indeed, by pure self-help; however, there are still cases in which it may even be said to be the actual duty of the State to interfere in favour of co-operation. Take, for instance, the execution of the great excavating work which is now piercing the Simplon. Workmen flock to that employment in shoals. The tradesmen of the district welcome them with greedy expectation. For these people are real, helpless poor, ready victims for exploitation, and they are at the mercy of tradesmen. All their earnings go into the tradesman's till. In such cases obviously self-help is powerless. The workmen cannot combine of their own accord, because they are a motley host drawn from all districts of the country, and there can be no understanding among them. A temporary distributive store set up would have a very beneficial effect both for educational and moral purposes. I think under such circumstances the Government ought to interfere to facilitate the formation of stores.

M. BARRE (France): In the name of the French productive co-operative societies I beg to support Count de Rocquigny's motion. We likewise believe that it behoves the State to promote the development of co-operative societies. Co-operation, in promoting the well-being of citizens, adds to the riches of the country. Governments when interposing in favour of co-operative enterprise help to raise the moral and intellectual level of the population, while at the same time adding their share to the pacific development of international relations. For co-operation provides the best means by far for disseminating ideas of peace among nations; and on this ground alone, if there were no other, I hold the State bound to take a lively interest in co-operation.

No doubt there are distinctions to be drawn among co-operative societies. Distributive societies can, as a rule, begin business without a large capital. They do not require large working funds. Productive societies on the other hand, could not exist without funds wherewith to defray the expenses of their first installation, and also to provide a respectable working capital. With this consideration in view productive societies, more specifically those connected with building in France, make a point of seeking to obtain orders for work from public departments. However, they have serious difficulties to contend with, among others the fact that public departments are tardy paymasters. I have known of societies being kept waiting for their money for as long as four years. Under such circumstances, how could societies without capital exist and wait for eventual payment?

In such cases State aid appears to me to amount to nothing more than compensation given for delayed payment. It is on that account that we do not like State aid to be termed "subvention," because the word "subvention" always more or less suggests eleemosynary assistance, and in such cases, as I contend, there is no almsgiving whatever about the matter. We should have wished the question to be put in this way: "Is it the duty of the State to afford aid and protection to co-operative societies?" And placing ourselves at this point of view, I think we may say that co-operative societies are much in the same position as, say, railways, or mercantile shipping companies, to which the Government habitually guarantees a minimum interest.

In France, since 1902, the Government has modified the form in which it affords assistance to co-operative societies, adopting the system of advances repayable within five years with accrued interest. In this way the Government does

not interfere at all in the internal management of such societies. It does not inquire into their political opinions, and the system answers well. Acting in this way, the Government contributes to the development of co-operative ideas without prejudicing any one and without interfering in the management of societies.

Mr H. W. WOLFF: Mr Vivian (United Kingdom) has lodged a complaint with me with reference to yesterday's visit to the Tailors' Co-operative Society. He had better state the matter himself.

Mr H. VIVIAN (United Kingdom): I wish to ask a question and make a protest. Yesterday a number of delegates paid a visit to the Tailors' Co-operative Society, and I regret very much that the local arrangements were so bad that there was no one in charge to explain the meaning of the Society, its objects, and its methods. Some forty or fifty delegates were there, who had come hundreds of miles to see such things; and I think that the least the Local Committee could have done would have been to have some one to explain the work of the various societies.

The PRESIDENT expressed regret, and added that Dr Bernát would see to it that such an oversight did not recur.

Herr VON ELM (Germany): I wish to support Dr Alberti's motion that the second portion of Count de Rocquigny's resolution be omitted. I am a thorough-going advocate neither of State help nor of self-help. My reasons are simply of a practical kind, and they determine me to range myself, under present circumstances, against State help. I am of opinion that once the State does interpose to render assistance, it ought to do so without regard for persons, making its assistance general for all co-operative societies alike without any distinction, and afford it in all circumstances. That, however, I hold to be altogether impossible. The gentleman opening the discussion has in his admirably written paper pointed specifically to the case of Germany and the amount of help which is there afforded to certain co-operative societies. We in Germany should be very well satisfied if our Government were to display its benevolence by extending it to all societies alike. However, in Germany distributive societies enjoy no exemption from taxation, such as there is in France. Quite the reverse. Our distributive societies suffer from systematic attempts to strangle them by excessive taxation. We have to pay heavy taxes upon sales, heavy taxes upon goods. You see with what manifest injustice we are being treated! Now in my opinion it is quite impossible that a State, be it

constituted as it may, could be fully just. Among a number of co-operative societies or co-operative unions there is sure to be one or other which particularly endears itself to the Government by pursuing an aim which the Government approves of; and such organisation will, as a matter of course, find itself favoured and petted to the detriment of the others. We have some instances of the kind to record from Hamburg. My society, a building society, has face to face with it a similar society, which has a worshipful senator for its chairman. We ourselves were not fortunate enough to secure such a leader. However, we find as a result the other society assisted and ours not.

Now I should like to recall to your memory that co-operation has grown strong and prosperous without State aid. The colossal distributive societies of Great Britain and their manufacturing departments have needed State aid just as little as have our great German distributive organisations. In Denmark most prosperous co-operative organisations have grown up entirely without State aid, purely from their own innate force. Well now I ask: why are we not to be content to leave things as they are? Most certainly I join heartily with others who have declared that the State ought to manifest a certain benevolence towards co-operative societies and afford them assistance. But such assistance should not be given in doles. What we want, and think that we have a right to ask from the State, is, that we should be given adequate elbow room. We are surely entitled to that! However, such elbow room, such freedom of movement we have not at present got. On that ground I maintain that we shall have to do our best to obtain liberty and justice for every one. (Loud cheers.)

At the present time it is the agricultural co-operative societies which ask for assistance from the State. I will give those agricultural societies a piece of advice which I believe to be good. Do not be so eager to obtain State assistance, but rather try to secure the goodwill and the sympathies of other forms of co-operation! The main thing to be aimed at in my opinion is hearty co-operation among all forms of co-operation. Agricultural societies need the help of urban societies. Productive societies and distributive ought to walk hand in hand, and if agricultural societies will only endeavour to bring about a state of things in which one form of co-operation helps the others, they will achieve far more for themselves than they ever can by obtaining State assistance. (Loud cheers.)

Ministerial Councillor Dr AMBROSIUS SEIDL (Hungary):

Gentlemen, I am here as a delegate of the largest co-operative society in Hungary, and as such I beg to offer a few remarks, which I think to be all the more called for since a preceding speaker, Dr Karl Wolff, has ruled State aid out of Court altogether. Now Dr Karl Wolff is the representative of a class of societies which are exclusive, one might almost say separatist, in their tendencies, because they confine themselves to one particular race possessed of all the well-known high qualities distinctive of our German neighbours, that is, intelligence, habits of thrift, and aptness for altruism, a race which not only possesses those qualities, but has possessed them for a long time back; and these of all others, as you know, are the qualities which go to make good co-operators. Dr Wolff's societies are built up in substance on the very same foundation as those existing in imperial Germany. We Hungarians have very different conditions to reckon with. Dr Wolff's countrymen are thrifty, active, intelligent, and among them co-operation has accordingly proved remarkably successful. Among our Hungarians—so I venture to assert upon the ground of profound insight acquired by me as leader of a central institution in which the business of about 1,700 local organisations centres—it is altogether out of the question to form and to maintain co-operative societies without State aid. (No, no!)

Count ALADÁR ZICHY (Hungary): What co-operative societies are you speaking of? Presumably only credit societies.

Ministerial Councillor Dr AMBROSIUS SEIDL: No, not exclusively credit societies; co-operative societies of every kind. Accordingly, gentlemen, I am of opinion that you cannot generalise in this matter. A system may be excellent for England or for Germany, and yet altogether out of place among ourselves, that is, among strikingly different circumstances, which are altogether peculiar. We could not possibly assent to a resolution flatly condemning State aid, and I beg to declare in advance that if any such resolution is put I must in the name of all the societies which I have the honour of representing decline to associate myself with it.

The PRESIDENT sounds his bell.

Ministerial Councillor Dr A. SEIDL: I conclude because I must. There is much that I should like to add. But in any case I must insist that among ourselves State help is altogether indispensable, and by State help I mean not merely moral support, nor yet inspection and control only, but material aid in money. It will be for the State to consider up to what point its assistance should be carried. In my

opinion we shall be perfectly justified in voting the first clause of Count de Rocquigny's resolution. At the same time I apprehend that the adoption of the second clause would serve only to weaken the effect of the first, inasmuch as it declares that State aid should be only of a temporary character, which, I hold, would in many cases be an utter mistake.

Herr KARL WRABETZ (Austria): The German co-operators of Austria, who have unreservedly accepted the principles of Schulze-Delitzsch, occupy in this matter precisely the same position as do Dr Alberti and the speakers who have supported him. Accordingly I beg to endorse Dr Alberti's proposal to suppress the second clause of Count de Rocquigny's resolution. Indeed, that portion as it stands appears to me altogether unintelligible, if not self-contradictory. For, as put, it says that subventions or advances should be so given as in no wise to interfere with the self-government of societies. However, that is in my opinion a condition absolutely impossible to fulfil. If it could be fulfilled the consequence might be serious danger. For once public funds are employed for subventions of this kind, it follows as a matter of course that there must be State supervision, otherwise you cannot tell whether the money will be really laid out for the benefit of co-operation. Not to take every reasonable precaution that it will be so applied would be an absurd conclusion to arrive at. I cannot by any means agree that the State is not in a position to do something for co-operation apart from money grants. I believe that there are much more important services which it might render than by doling out petty sums in subventions and advances. For, after all, in comparison with the large requirements of the case, all that the State can give in the way of money grants can at best be but as a drop in the ocean. One of the preceding speakers has insisted that what above all things we have a right to ask of the State is that it should not actually hinder co-operative associations in their work, and that in any case, it should not heap favours upon one form of society, while badgering and molesting, if not absolutely suppressing, other forms. The principle of every modern form of Government should be: equal rights for all! And that is what co-operative societies, like other institutions, have a right to ask. (Long-continued cheering). Are there really two distinct classes of citizens in the State? Why on earth should the distributive society of industrial working men be treated so much worse than the distributive society of agricultural labourers, or than agrarian organisations? Is the florin paid in taxes by the dweller in



a city worth less than the florin paid by the peasant? (Hear, hear.) We adhere to-day to the same principle which a German co-operator proclaimed at Weimar fifty years ago (at the first Congress of the German Co-operative Union): "We do not ask more of the State than to leave us in peace. (Cheers.) All else that is required we are willing to supply for ourselves."

Now do not let it be said that we have no feeling of compassion for the small peasant, or for the artisan class! There are plenty of ways open to the State by which it might very effectually promote co-operation. The State might fetch up those arrears of neglect shown in schools. Plainly it is for the State to see that a proper knowledge of the principles of co-operation is taught in elementary schools, in higher schools and even at Universities. (Cheers.) The State might come to the aid of artisans by training them in the principles of bookkeeping; for the artisan, however much you coddle him, can never be expected to prosper until he has mastered commercial bookkeeping. (Cheers.) The State might by means of exhibitions, of museums, of itinerant teachers and in other ways bring home to the artisan class the latest discoveries of technical and chemical research. A knowledge of machinery is now of much greater value than it ever was before, alike for manufacturers and for smaller tradesmen. Let the State employ its power and the means at its disposal to make such knowledge available for our artisans! And there is other knowledge to be taught. Here are means of employing State aid, both useful and legitimate, which would not offend our manly dignity. For, look at it as you will, one of the preceding speakers was perfectly right in saying that about subvention given by the State there is always a smell of charity and doles, and I cannot hold that either our peasantry or our artisans have sunk so low as to stand in need of poor relief. (Enthusiastic cheering.)

Count IMRE SZÉCHÉNYI (Hungary): I wish, if possible, to shorten debate and bring this discussion to a close. Count de Rocquigny's resolution deals with two points. The first, I think, will not be contested. We are all agreed that it is self-help on which in the main co-operation must be built up. The second point, on the other hand, invites criticism. It suggests, in fact, two distinct questions. The first is this: is it to the interest of the State that co-operative ideas should be propagated or not? If it is, then wherever self-help does not suffice to start co-operation, clearly a duty lies upon the State to step in to do so. I do not believe that it would be to our interest as co-operators, that State interference should

be altogether rejected. The resolution before us insists that in all cases the principle of self-help should be respected. And that is really all that we can ask. Under such circumstances I cannot see what interest we have in declining to vote the resolution, seeing with what explicit reserves it is submitted. Dr Karl Wolff has spoken of a man learning to swim by being thrown into the water. Well, I should say that there is another way of teaching swimming, which is much safer, namely, by early training. And it may be that such instruction will prove more useful than throwing a man into the water at the risk of his drowning. In any case instruction will not hurt.

M. CHIOUSSE (France): I have only a few words to say. In our country State interference is everywhere in evidence in the matter of co-operative societies, and we find that for some time back it has been far too much in evidence. For instance, the State interferes a good deal with distributive societies, but that is not to help, but to impose new burdens: taxes, and other contributions. In truth, in view of this there is only one thing that we wish for, and that is, that such intervention might come to an end. With this object in view I beg to move the addition of a third clause to the two composing the resolution, to the following effect:—

“That it is the duty of legislators in all countries to accept the above principles as basis for all legislation to be adopted affecting co-operation.”

What we ask is that legislators should accept these principles whenever drafting laws having reference to co-operation. You may be surprised at my mentioning legislators. I do so on the ground of experience. For the legislative authority consists of two bodies—the Chamber and the Executive. The State, being responsible, often tries to shift its responsibility upon the Chambers; however, the Chambers shift it back, declaring that they will vote only upon whatever is submitted by the Government. Accordingly, we shall have to say that we count upon the goodwill both of the Government and of Parliament, and once we have said that, legislators will no longer be able to evade the responsibilities which they owe to co-operation.

M. FÜREDI (Hungary): Gentlemen, I declare myself in favour of Dr Alberti's motion, which is, to suppress the second clause of Count de Rocquigny's resolution. I do so from the point of view of those of our Hungarian co-operative societies which do not form part of the National Central Credit Co-operative Union. I am not in the least surprised at hearing Ministerial Councillor Seidl express himself in favour

of State aid, because he is at the head of the co-operative credit organisation which was formed in this country five years ago on the model of the Prussian "tick" bank, that is, the Central Co-operative Credit Bank of Prussia. I do not wish our guests to run away with the idea that all that Councillor Seidl has said about the impossibility of keeping up co-operative societies in Hungary without State aid is Gospel truth. Things are in reality very different. There are about 1,500 co-operative societies now in Hungary which have not joined the central credit organisation; for instance, the union of Christian co-operative societies, and others besides. They dispose of an independent share capital collectively of 150,000,000 K. (£6,000,000). Evidently Dr Seidl is in error in contending that co-operation without State aid is impossible in Hungary, that sufficient capital could not be accumulated otherwise. (Hear, hear.)

I would ask you, gentlemen, what have been the results of State aid applied in Hungary? The State has lavished millions upon millions upon the Central Credit Organisation, and our Vice-President, Count Mailáth, has stated in his report upon Hungarian co-operation presented to the Congress, that as a result we have arrived at the halcyon point at which money is obtainable at 7 to 8 per cent. That is in truth something to be thankful for, gentlemen, is it not? The poor peasant and other poor people are now able to raise loan money at 7 or 8 per cent. out of the funds which the State advances gratis and which the poor taxpayer has to provide! For what after all is State money? Is it not the money of all? You take it out of one pocket and put it into the other. You rob Peter to pay Paul.

Gentlemen, I maintain that we stand in no need whatever of State help. Our independent co-operative societies feel that they are quite strong enough without. There are co-operative societies in Hungary whose existence now extends over fifty years and which have never taken a stiver of State money, which have indeed flatly refused the assistance offered out of State funds by the Central Credit Institution. (A cry, "Usurer!") I hear the word "usurer" employed. I might retort that it is the Central Credit Institution which is the usurer. For it takes State money on which there is no interest to pay and out of which there is no dividend to be found, and charges 7 or 8 per cent. upon it to the poor people to whom it lends it out, in addition to exacting liability for five times the amount from the borrower. Now to make the poor peasant who borrows, I will say, 200 K., liable for 1,000 K., seems to me a good deal more

like usury than anything that the independent co-operative societies of Hungary may be seen doing.

I do not wish to say more. Only I beg you, gentlemen, to bear this in mind, we have an exhibition here made up, as is affirmed, of products of Hungarian co-operation. What it really contains is products of Hungarian State help. It is not an exhibition of Hungarian co-operative societies. Herr Wrabetz was perfectly correct when he said, while referring to that exhibition, "I see everything here except the policeman's uniform; that is the only thing wanting." (Cheers.)

Mr R. HALSTEAD (United Kingdom): My objection to State aid is that it must destroy the educational value of co-operation. Government machinery is very cumbersome and not easily moved, and the time and energy could be better devoted to voluntary work. As secretary of the Co-operative Productive Federation, which provides capital and markets for the federated productive societies, I find that the chief difficulty has been, not that of finding sufficient capital, but of being obstructed by the fact that our borrowing powers are limited by law. One of the difficulties of our position is that of obtaining the necessary security for the capital we have, and there, in my opinion, the State might assist us—not by finding capital, but by giving security for the capital which we could obtain in other directions. That is the only way in which I can conceive of the State being of any serious value to co-operative production. Something might also be done by the State in the way of providing markets, just as the State in England cleared the way by the passing of the Industrial and Provident Societies Act. What we want in regard to markets are equal chances for State work and for municipal work. We do not ask for any special privileges, but only for equal chances. If we could have all the influences removed which are acting against us in securing trade, it would be a great service. I believe that co-operation does not exist simply for the making of organisations, but for the development of character.

Mr H. W. WOLFF: I want to point out that we have fourteen more speakers down on the list. Two of them have given notice of amendments. We must get this question disposed of to-day. It is late already. The question is one of the greatest importance. Shall we adjourn now and meet again in the afternoon? Or will speakers be brief and shall we conclude the debate at this sitting? (Loud cries of "Go on, go on!")

Privy Councillor Dr ERTL (Representative of the Austrian

Ministry of Agriculture): Gentlemen, allow me to take this opportunity, as official representative of the Austrian Ministry of Agriculture, of thanking the International Co-operative Alliance for the invitation which it has kindly issued to us and to our Hungarian hosts for the hospitality shown. The Austrian Ministry of Agriculture which I represent, follows the proceedings of this Congress with the greatest interest, more specifically in so far as they relate to agricultural co-operation, and wishes you complete success. (Cheers.)

Now I would beg you to allow me to say just a few words—I shall not be longer than three minutes—on the subject under consideration, which is for Austria of the very greatest importance. I cannot here presume to enter into polemics, which, moreover, would be inconsistent with the position which I hold. Also I do not propose to speak of co-operation in all its various forms, and I do not wish to submit to you learned theses. I simply desire to state some facts having reference to a State which affords material as well as moral support to co-operation, and only so far as they affect the Austrian Ministry of Agriculture. I expressly limit myself to this. I could not, for instance, presume to say anything with regard to what either the Ministry of Commerce or the Ministry of Finance may be doing in support of co-operation. I shall accordingly have to confine my remarks to agricultural co-operative societies in Austria only, and state in a few words that we occupy in the main the position which Count de Rocquigny recommends in his resolution.

Notwithstanding that we have in Austria had a co-operative law in force for some thirty years back, which allows co-operative societies to be formed either with limited or else with unlimited liability, there were not, up to about fifteen years ago, any organised agricultural co-operative societies to speak of. There were indeed some hundreds of Raiffeisen banks, but these were without any connection among themselves and not organised. If we follow the subsequent development of the various movements in the several countries and provinces under the Austrian crown—countries and provinces varying appreciably among themselves in respect of civilisation, language, and inhabiting races—we find that co-operation has progressed materially among the population of each country. More and more has the work of developing co-operation become systematic. The local authorities (*Landesausschüsse*) began to support the movement. We have heard State aid mentioned here to-day. I do not understand that term as applying to the supreme

authority only, but to any assistance rendered by public authorities generally. In our case it was above all things the *Landesausschüsse* which have given help. They have organised special departments, advanced moderate sums to co-operative societies for the purchase of fire-proof safes, they have created official boards, having auditors, instructors, and teachers, under their orders, with a view of rendering help in the development of co-operation by such means. As the movement extended, the Ministry of Agriculture took up the work, addressed itself to a careful inquiry into what had been done in Germany in connection with this matter, and endeavoured generally to lend a helping hand. But this was in every case done in full concert with the co-operative societies themselves. Our Council of Agriculture was asked for an opinion. In response, a committee was formed on which co-operative unions and organisations were represented, and in concert with them a programme was drawn up which neither restricts the free action or self-government of societies, nor on the other hand suppresses self-help or private initiative by excessive liberality exercised in the provision of funds. Such action, carried out in accordance with our programme, and in a systematic way, has brought us to this point, that at the present time, after fifteen years' work, we have in Austria about 15,000 agricultural co-operative societies united in a general union, which has a central organisation in Vienna at its head, with a very large annual turnover in the central bank. This result appears to furnish conclusive proof that among ourselves in Austria, very satisfactory results indeed may be expected to follow from a correlation of national help and self-help, made materially to assist and supplement one another in the province of agricultural co-operation. In our opinion, it behoves the State, which undertakes so much other work—say in the province of education, of public traffic, and otherwise, and which regulates popular education, questions of public worship and others in a manner becoming the supreme authority of a great community—to give its support also to the infusion of the ethical principle which co-operation supplies into material action, to ennoble material action by introducing into it those moral elements which co-operation has long specially cultivated. The State is not only entitled to interpose its assistance in these things, I say that a distinct duty is laid upon it to do so.

Somebody has claimed to-day that if you would make a man learn to swim it suffices to pitch him into the water.

I should not like to see the experiment tried, more particularly supposing the pupil in swimming to be a child of tender age—and that appears to me to be really the aptest illustration that could be found for the development of a co-operative association. Just throw a child into the ocean, more particularly when there is a storm raging and there are mines floating about, and see if the child will learn to swim! No doubt there are people who learn to swim by nature, but there is scarcely one such among a hundred. I have another apt phrase recurring to my mind, which has Prince Bismarck for its author: "Put the German Mike upon a horse," so he said, "that done, rely upon it that he will learn how to ride by himself." Find a horse for Mike, that is, for our poor peasant, our petty cultivator dependent upon his plot of potatoes lying hid high up in the mountains, seat him firmly upon it—that is just what our Ministry of Agriculture is endeavouring to do, and what it is ready to answer for to any one who challenges it. (Cheers.)

I may say that I respect and esteem every opinion. I readily recognise that the opinion which has been to-day freely expressed from various quarters against State help is perfectly justified in proper localities. In our own case, I would say, it is not any political object which has suggested the assistance rendered by the Government to co-operation. It is perfectly possible that the gentlemen who have spoken against State interference are absolutely right from their own peculiar point of view. However, if I were to go to-day to a gathering of agricultural co-operators of Austria and ask them: Will you be satisfied if we adopt this principle, "The State is simply to leave us in peace," I can tell you that I should be laughed at for my pains. (Laughter and cheers.)

Count ALADÁR ZICHY (Hungary): It is difficult to decide such questions as this on the ground of general principle. You cannot, in this matter, put rich England and poor Hungary upon the same level, and that is why Englishmen and Hungarians cannot in this matter profess the same opinion. I should wish accordingly to get rid of what divides us, and I believe that I have discovered a way of doing so. We should try to prevent co-operative societies from injuring any other interest, whatever it be. As regards State action, I do not ask for more, generally speaking, than a benevolent attitude on the part of the Government. However, there are cases in which the State may fairly be called upon to do something more. The State ought not to do any wrong to any one, and I want to point out that

no doubt, when it pays subventions to distributive societies, it does wrong to the trading classes, and that is a good reason enough for rejecting its aid. I say this frankly, and I believe that every one is of my opinion with regard to this point. However, the case of productive societies, credit societies, grain storage societies, &c., is altogether different, and in these instances I hold that the State will be right in interfering, even if there were no co-operative societies at all. Does it not interfere in favour of agriculture? Then why should it not favour also agricultural co-operation? My motion is that Clause 2 of Count de Rocquigny's resolution should be altered, to read as follows:—

“That in such countries in which State intervention, applied in the form of advances, is held to be necessary for the development of co-operation, applied to credit, to the production or sale of wine, and to grain storage, such intervention should be moderate and temporary, and should scrupulously respect the self-government of co-operative institutions.”

M. de WEYDLICH (Russian Poland): We are simply splitting hairs. I want to call your attention to one particular point relating to this question. Undoubtedly co-operation renders valuable service to the State, because it increases the general well-being and develops the intellect of the population. Accordingly, there can be nothing objectionable in return favours rendered to it by the State. There is nothing in that but an exchange of services, which does not in the slightest degree prejudice the principle of self-help. If the State is in a position to advance money on cheaper terms than private individuals, it is no more than fair that co-operative societies should benefit by such opportunity whenever they stand in need of credit. Really State interference in the questionable sense only begins at the point at which the State imposes certain conditions, such as inspection or control. Whenever the State begins to meddle in the management of co-operative societies, its intervention will have to be summarily rejected, for the State co-operator must necessarily be a poor co-operator. For this reason I move the following resolution:—

“1. Co-operative societies ought, above all things, to accept the rules of self-help, for those rules alone are calculated to form character and to produce the moral force of resistance in their members.

“2. It does not follow from this that they should refuse all State aid when offered to them without the imposition of a return obligation, in recognition of the services which



they render to the population as a whole; for such aid is nothing more than a return service which does not interfere with self-help.

"3. However, co-operative societies should resist any interference on the part of the State in their own affairs, and refuse any assistance offered on condition that it entitles the State to the right of controlling or interfering with the conduct of the affairs of societies."

Mr H. W. WOLFF: Professor Schär has suggested as a means of shortening the discussion, that from henceforward only such speeches be translated in this debate as contain new motions. Do you agree? (General acclamation.) The motion is adopted.

Dr ELEMÉR BALOGH (Hungary): Like other speakers I consider it to be the soundest development that co-operation can take, to grow up on the foundation of pure self-help. All the same I should much regret if the Congress were to reject the second clause of Count de Rocquigny's resolution. The gentlemen who have thus far spoken appear to have thought in every case only of their own particular countries. That is not quite the proper attitude to take up. Say that Germany does not need State help; no doubt it ought to be congratulated on the fact. The reason is that the population in Germany is better-to-do than ours in Hungary. However, there are poorer nations. You will find them more specifically as you advance eastwards. And since it is the noble purpose of this Congress to assist the East with valuable counsel and instruction, in what position do we place ourselves when advising Eastern nations, for which State help is a necessity—(No, no!)—that State help is altogether to be rejected? My own impression is that even the societies which Dr Alberti had spoken of form no exception to my general rule. Now if we are to tell the poor nations referred to that co-operation can generally do without State help, they will take it just as a poor man who asks a rich man for alms would take his reply: make the blanket which you have suffice for your covering, curl up your body accordingly! We ought at any rate, I think, to give the poor man some little covering in order that he may be able to lie down at all. Since the resolution contains nothing that could alarm any one, since it expressly lays it down that it is intended to apply only to poor countries, in which State help is called for—that cannot be Germany, to take an instance; therefore, Germany cannot take umbrage at the proposition—and its whole import is very moderate, and since, in conclusion, the condition is expressly insisted upon that State help should

not interfere with the self-government of the societies, I hold that the resolution ought to be passed as it stands.

M. L. HÉLIES (France): My colleagues of the *Bourse Coopérative des Socialistes français* have instructed me to explain to you their views on the subject of agricultural credit, and I beg to point out to you that I am now addressing you on behalf of 40,000 members of our societies. Working men do a great deal for the State, and it is only fair that the State, *per contra*, should do something for them. How does the State raise its funds and find the means for maintaining those vast bodies of officers who make up the public services? Simply by means of taxes levied above all things on the food and the labour of the working classes. We believe that in return for this it is the duty of the State to assist co-operative societies in their development, but that it is none of its business to meddle in any question of internal management of such societies, for if it did there would be the danger of its benefiting a portion only of the population to the loss of the other half. To act in opposition to this principle must mean exciting political and religious contention. We believe that a national federal organisation of all co-operative societies, without distinction as to politics or religious views, could not fail to exercise a favourable effect upon co-operative development. Co-operation does not merely regulate the price of goods, it also places consumers in a better position. Trade in its perpetual struggle with labour has never hesitated to "sophisticate" commodities, and it is the object of co-operative societies to bring back things to their normal condition by selling only unadulterated and wholesome goods. Accordingly, on the ground of national health alone, the State appears under an obligation to favour the formation of co-operative societies. Does not trade avail itself of all methods at its disposal, such as sending out travellers, arranging exhibitions, and attending commercial colleges in which very children are taught the science of despoiling the working classes in an increasingly outrageous manner? There the art is taught of squeezing out the working man. Accordingly, we require co-operative organisation as a means of equalising conditions in the struggle. Co-operative organisations are to be met with among all interests. Are the American "trusts" anything but vast overgrown co-operative "concentration" societies? We look upon co-operative organisation as a means of morally raising the working classes by crowding out the intermediate classes. It is for this reason that the State ought to intervene in favour of co-operative organisations.

Mr W. MAXWELL (United Kingdom): In these matters some weight should be given to experience and success, and as the representative of a large country, and a large co-operative section of that country, I may say that we have had all that. After a sixty years' experience, we are probably stronger to-day against State aid than we were at the beginning of our development. One might say that it was all very well for the great British co-operative movement to contend that there should not be State aid, and vote against this resolution. I take the view that one of the speakers has expressed, namely, that there may be circumstances surrounding some of the Eastern communities that people in Great Britain do not understand. We do not understand their weaknesses, their want of cohesion, and want of spirit, which may have been trodden out of them. It may be that they require help, even from the State. I believe that those with me, representing the British wholesale and distributive societies, will be quite willing to vote for this resolution, leaving it permissive for the Eastern States to receive or else to reject State aid as they may think proper. If that is so, you must not misunderstand me. I myself have no faith whatever in State aid. The pride and glory of the co-operative movement is that it has been made by the men, and built up by the men, who were poor sixty years ago. (Cheers.) They only asked the State to treat them as good, peace-loving citizens. We (in Great Britain) are now in a position that we could almost make the State any colour we like, and that is the position that co-operators here might be in. When they arrive at that position, the less aid they get from the State the better. If you bring amendments against the resolution, they should be of such a mild and general character as to leave the question open for the poorer countries which I have spoken of. We are willing to be generous and to vote for the resolution in its entirety. (Cheers.)

Dr HANS CRÜGER (Germany): The proposition made by the last speaker characteristically indicates the situation at which we have arrived. We are asked to pass a resolution, which satisfies every one without pronouncing either for or against State aid. Well, then we had better go home without passing any resolution at all. I should like to point out that in dealing with this matter at an International Congress we have no right to regulate our judgment by the peculiar position of any one country. We are an International Alliance. We cannot pass any other than *general* resolutions; or at any rate, if we should wish to make an exception, we ought

expressly to say so in our resolution. However, we have not done this in the present instance. Accordingly, on such grounds alone we shall have to reject what we disapprove of.

There is one thing that I want to ask the thorough-going advocates of State aid to bear in mind. If it were indeed true that co-operation is impossible without self-help, we should not to-day have the International Co-operative Alliance at all, nor any co-operative union, nor indeed co-operative societies. And what has been said by preceding speakers with regard to the stimulating effect supposed to be exercised by State aid on the development of co-operation is in truth in plain contradiction with facts. Whatever has been accomplished in co-operation in the past has been accomplished distinctly by means of self-help. We have created co-operative organisations under the most difficult conditions. We have caused a co-operative law to be passed, and we have formed our societies. And all that those who depend upon State aid have done on their side, they have accomplished by building upon the foundations that we self-helpers have first laid with great labour. (Cheers.) It is truly characteristic of the present condition of things that Dr Ertl should have come here to tell us, as he has done, that he would not like to go home and suggest to his co-operative societies that they should renounce assistance from the State, for fear of being laughed at. Yes, gentlemen, it has actually come to this! The craving for assistance from the State has penetrated so deep into the consciousness of public opinion! So little do people nowadays perceive the eleemosynary character of State aid, that it never any longer occurs to them that State aid means doles. Co-operation *must* maintain itself without State aid, or it ceases to be co-operation. Its only solid foundation is self-help; that is the rock upon which it must be built up. (Loud cheers.)

Advocates of State aid, by the way, seem a little at variance among themselves as to what they really want. Count de Rocquigny wants State aid to be temporary only. Dr Seidl insists that it should be permanent. Well, if we were to adopt that, that would amount to a declaration of bankruptcy on behalf of the co-operative movement. There is no such thing as co-operation which requires State aid. (Cheers.)

It has been stated that here in Hungary co-operative societies cannot be formed without State aid. A country of which this can be said, a country which is prepared to owe its co-operation to State aid, must be poor indeed. I confess that I believe better things of Hungary. I believe that Hungary is economically strong enough to

create its own co-operative societies. Those who affirm that co-operation is in any one country impossible without State aid render a poor service indeed, both to the co-operative idea and to the country of which they speak. (Cheers.) Count Zedlitz-Trützschler, a late Prussian Minister, now Chief President of Silesia, has with absolute truth spoken of State aid for co-operation as an act of "grace and compassion."

We must settle this matter somehow. We cannot possibly accept Count de Rocquigny's resolution, the object of which is plain to every one. Dr Alberti has already moved the omission of the second clause. I go further, and now move that in addition the two sentences composing the preamble be put one by one. I am willing to vote for the first, to this effect:—

"Accepting the uncontested principle that the organisation of co-operative institutions must have individual effort and mutual aid for its basis."

But I cannot in any case vote for the second, which runs thus:—

"But at the same time recognising the fact that in some countries State intervention has favourably contributed to the development of co-operative societies, which could not have been developed by other means."

The question if the growth of co-operation should be by "lateral" extension or else by deepening, which has been raised in this discussion is another matter altogether. I want to ask this—and that is my own motion which the rules of the Congress allow me no time to plead for—that the Congress should pronounce it to be its opinion:

"That co-operation is by reason of its social value entitled in all countries whatsoever to benevolent, and even favourable treatment on the part of public authorities. The formation and management of co-operative credit societies is a matter for private initiative. Private initiative should also provide the capital requisite for carrying them on. All State assistance by means of financial subventions is to be condemned." (Cheers.)

Please remember, gentlemen, that it is not the financial, but the personal side of co-operation which is decisive in its development. I entirely agree with those preceding speakers who have laid it down to be the duty of the State to provide proper education in a knowledge of co-operation in all its forms and to lead people to understand its character. That is State aid which I gladly accept and readily applaud, and I maintain that in such way the State has not yet done nearly enough, that very much more may be claimed from it.

It is for the State to educate people to co-operation. That would be State subvention satisfactory to every one and laying the foundation for an equipment of co-operation which could not fail to contribute to the welfare and prosperity of the nation. (Cheers.)

Dr L. KARÁCSONYI (Hungary): In my capacity of delegate of the independent co-operative credit associations of Hungary I have to state that I am all in favour of pure self-help and the exclusion of every description of State assistance. We have had the alleged successes of State aid paraded before us. When I began to be active in co-operation there was not a word to be heard about State assistance; it was unknown, though a good deal was known even then about co-operation. We have only to consult the history of co-operation in other countries to learn what pitiable results State aid has there brought forth. There have been absolutely no successes to record. In truth, in this country as elsewhere State aid to co-operation is merely a growth of very modern times. My advice is, beware of it; for the State never gives, except to ask for something in return. State aid simply kills self-help, the sense of responsibility, self-government. Money lightly got is lightly spent and produces recklessness. Also a man's own moral sense ought to rebel against the thought of alms being given him by the State, under whatsoever name it may be disguised.

When saying this I do not mean to contend that the State should do nothing at all for co-operation. I hold it to be its duty to exercise a stimulating and beneficent influence. But such influence will have to be exerted without the giving of any material assistance, merely by providing education, by means of which the people may acquire the co-operative spirit. As a Hungarian I altogether repudiate what one of my countrymen here present has said, namely, that in Hungary independent co-operative societies cannot exist, that State aid is absolutely indispensable. (Cheers.) We Hungarians have not perhaps as a race fully arrived at the same degree of intelligence and progress as some other nations; however, we are sufficiently near them in the matter. By what argument is the proposition to be defended that healthy men are to be deliberately turned into paupers? My moral sense revolts against such a suggestion. The more I have reflected over the matter, with the greater attention I have listened to our to-day's discussion, the more firmly have I become convinced that State aid is not called for. We independent co-operative societies of Hungary, who have thus far always relied upon ourselves only, mean to continue to rely

exclusively upon ourselves. We ask that the State should meet co-operative societies with goodwill, that it should take care that legislation is what it should be; but we do not want anything more. *Timeo Danaos.* (Loud cheers.)

Count ARVED TELEKI (Hungary): Following up what has been said by several recent speakers, I wish to produce some further evidence to show that Hungary is altogether in a position to give a good account of itself even without State aid. We have Count Alexander Károlyi in the chair on the present occasion, a respected gentleman, who succeeded five or six years ago in forming a Co-operative Union without a shadow of State aid, within the district of which co-operation has developed so satisfactorily that at the present time we have about 500 co-operative distributive societies which have never received a farthing from the State, but have, on the other hand, cause to complain of the State's persecution. Apart from those 500, there are another 300 co-operative credit societies which rely as fully upon their own resources only. Now when it can be shown that we have 800 co-operative societies maintaining themselves without State aid, we are clearly in the right in maintaining that self-help is equal to its task also in Hungary, that self-help is sufficient even among Eastern races. For only on the foundation of self-help can a satisfactory development of co-operative societies be looked for. We know that whenever the State interferes unduly it is sure to ask for a return service in the shape of votes. (Cheers.)

Frau STEINBACH (Germany): Justice, I think, gentlemen, demands that no man, much less a woman, should claim preferences for one set of people at the expense of others. That proposition should in my opinion be the one decisive consideration on the ground of which the matter is judged among co-operators. But when on looking further we find co-operative societies claiming subventions or a credit from public funds, which of course mean the property of the community which they receive free of interest, only to lay them out at interest, then I am at a loss to understand what the representative of the Austrian Ministry of Agriculture can have meant by introducing "ethical" principles into co-operative business. An attempt has been made to lay it down here that the State should assist co-operative societies, credit associations, and the like, only so far as that does not prejudice other private interests. If that is so, I do not know what we shall have to answer the small shoemaker, or the small tailor, or any other petty tradesman, every one of whom will have it that he can no longer

maintain himself, that competition is killing him, that he is on the verge of ruin. My experience—and the experience of all of us Hamburg co-operators—is, that if a co-operative society is properly managed there is no need whatever of subventions from without. Of course you must give the society time to develop. You must not want to fly before you have wings. Also you must not want to stretch your body further than the covering which you have woven for yourself will reach. I have shown yesterday, that if you will only manage things in the right way in a co-operative society you may by your own action provide relief funds which may be made to mount up to very large sums—I am applying the standard of a working man's needs, not a millionaire's. However, if such things are to be done, you will have to begin by training people to them. And you must direct your whole energy and attention to such training. It is not enough, gentlemen,—however much gratitude may be due for it—that co-operative societies should be taken up and patronised by gentlemen of high degree, who give themselves up to the work and take the management into their hands on behalf of those who are not yet able to manage their own affairs. Whenever I see such patronage carried on, it always appears to me that there is more room for that “ethical” principle, which has been contended for, and that those who manage and lead should so conduct things as to hasten the coming of the time when the people now led will be able to lead themselves and dispense with patrons. And on that ground, gentlemen, I could not vote for Count de Rocquigny's resolution. I might accept the middle portion, but not more. We all claim State assistance, on the largest possible scale, for all that the State has is really ours. We claim much, we could not receive enough to satisfy us—but not for any single class, not for any single co-operative society, even were it to be one of 18,000 or 20,000 members, but for all. It is only built up on such foundation that co-operation can be expected, so I trust, to resist the encroachments of those who represent private economic interests, and to meet the large claims on the community which they put forward with moral arguments. I beg you to reject the resolution.

Count JOSEPH MAILÁTH (Hungary): My object is merely to reply very briefly to some statements which have been put forward by M. Füredi as representing the independent co-operative societies of Hungary. M. Füredi has referred to a paper written by me in which he will have it that I point out as the one advantage which our co-operative move-



ment has secured for the population, that the Central Credit Co-operative Society now lends out money which the State places at its disposal by means of a subvention at the rate of 7 or 8 per cent. I do not want to use strong language. Only I will say this, that his statement is not on all fours with facts. (Cheers.) In the first place the money in question is not a subvention at all; in the second place we have to pay interest upon it; in the third place we pass it on without obtaining any profit out of it; and in the fourth and last place we lend it out at 5 per cent., and not at 7 per cent. (Laughter.)

Beyond this M. Füredi has affirmed that our Exhibition has been organised in very truth by the Government, that is, by co-operative societies organised with the aid of subventions from the Government. This likewise is not true. I will just mention that the Hungarian *Boden Credit Anstalt* (a mortgage bank) has contributed to the expense. And the *Boden Credit Anstalt* obviously is not the Government. It is the "Hangya," the *Mezőgazdák Szövetkezete*, and other co-operative Unions which have organised the Exhibition.

Once more, I want to explain that I do not share the views expressed by Ministerial Councillor Dr Seidl. (Cheers.) I am not at all in favour of State aid *à outrance*. I repudiate that. Whoever has read my paper on Hungarian co-operation must be aware that I have laid down the precise contrary. I will read only a very few lines out of that report. "Interest could, however, be aroused in some quarters of society. The characteristic feature of the co-operative movement in Hungary may be said to be this, that some few indefatigable pioneers of the movement have succeeded in overcoming prevailing indifference, and bringing home to various strata of society the economic power which co-operation may exercise." And at another place: "Everywhere in Hungary co-operative societies were seen forming by association. They multiplied and grew strong, in accordance with true unadulterated co-operative principles, by means of self-help, accompanied only in very rare cases by countenance in official quarters." That shows, gentlemen, that we are not by any means for State help in all circumstances. We are in favour of State help only in respect of such cases as really require it, in which without it no progress is possible. Beyond that point we, like Herr Wrabetz, only advocate what he has so well put, namely that the State should leave co-operative organisations alone, that it should let them carry on their business in their own way. However, since M. Füredi is the representative of the independent co-operative societies

—("No, no! no such thing!") Well, if he is not, then—all the same I beg to refer those present to a report of the independent co-operative societies of Hungary which has been distributed at this Congress, and which says that those societies, although debarred from taking an active share in the proceedings of this Congress, inasmuch as the leaders of the agrarian co-operative societies have from jealousy taken the lead all into their own hands (interruption), all the same they bid the representatives of the co-operative idea welcome in Budapest.

In reply to this observation I have only one brief remark to offer. I should like to point out that Dr Aurél Münnich, President of the Union of Independent Co-operative Societies—which, it appears, are at feud among themselves—whose portrait is printed in the pamphlet distributed by the Union, is a member of our local organising committee. Kindly look at the Congress Agenda! You will find his name there. It cannot accordingly, to put it mildly, be true that we have excluded the representatives of that Union, and have done so from jealousy. If you want me to tell you a secret, I will do that in a whisper. The draft law now in preparation, and which has been repeatedly referred to to-day, because it so happens that this Congress has met just while it is in preparation, has been brought forward specially for the purpose of putting a stop to the agitation of some of the independent co-operative societies known as "crown societies," and confining the co-operative movement to its proper current. And the violent protests here entered against State aid *à outrance* are put forward only because those said societies wish to escape from official control. (Loud cheers.)

Mr H. VIVIAN (United Kingdom): I want to support the view expressed by Mr Maxwell on this question. The British delegates do not claim to understand all the conditions of other countries, but we do feel that it would be wrong to allow it to be thought that British co-operators desire any large amount of help from the State. We feel that the State should approach all these social problems from the standpoint of the citizen, and not from the standpoint of one particular group of traders. The State should legislate for the whole, and not for any particular class. The evolution of the best type of industrial organisation is a question of experiment, and all that the State should do is to provide freedom for those experiments, in order that we may discover step by step the highest and best type of industrial and social organisation. But the State must organise for the majority, and it is the minority who experiment. If you

link up idealists with State machinery, you chain them up and curtail their freedom. Officialism will step in, and officials are not idealists. They are a burden. They may be a necessity, but they restrict experiments. The State is not elastic. State subvention must mean more and more State regulation, and we British co-operators shall, I think, object to more State regulation. What the State may do is to secure that co-operative societies shall be honestly administered, and provide a court of appeal to which they may go in order to achieve their object. That is done in England through our Registrar of Friendly Societies, and through the annual reports, and also through the right we have to call upon the Registrar to make inquiries into any particular society if a group of members feel that the officials are not dealing honestly with the assets of the society. It would be unjust that the private trader should be called upon not only to subscribe rates and taxes, but also to guarantee capital to co-operators and make up their losses, and at the same time to compete with them in the markets of the world. I strongly object to that, not only because it is inequitable, but because it must lead to the private trader having a voice in the government of co-operative societies, and thus the standard of the competitive world will be introduced into the co-operative movement. (Applause.)

The PRESIDENT (leaving the chair, which was occupied by the Vice-President, Count Mailáth): The principle upon which this question will have to be settled is, that you cannot lay down one hard and fast rule alike for all countries; more specifically must we bear this in mind when, sitting as an International Congress, we have to frame judgments which may be made to apply equally to countries of the East and of the West. In this country of Hungary I have, with the help of my friends, been able to form about five hundred co-operative credit associations without at any time receiving assistance from the State, by our own action and with our own resources. After that, still assisted by my friends, I have succeeded in forming distributive associations. Within a few years we have started between four hundred and five hundred, and they all appear to be doing well. All this we have done without any assistance whatever from the State. Nevertheless, it is I who come forward to tell you that there are special cases in which the assistance of the State must without doubt be efficacious. Those are the cases of districts in which there are no persons ready to place themselves at the head of the co-operative movement. Wherever this happens you have to invite other co-operators

to come to the rescue, send them to such places to initiate a propaganda and organise societies. That is not to be done without money. The local population want to be made to understand in spite of themselves that co-operation is good for them. If you will look at the matter from this point of view, you will be ready to vote for the resolution proposed. We want a resolution of wide application, available for all cases. It must be adaptable to all countries. No doubt it would be ridiculous to say that in England or in Germany, the classical countries of co-operation, State subventions are necessary for co-operation. However, there are countries where such subventions are bound to be useful, and may even be necessary. Of course you should rely upon subventions only during as short a time as they are really wanted, and give them up as soon as organisations have wings of their own wherewith to fly. I believe that the resolution is sufficiently wide in its terms, and needs no amending.

Mr H. W. WOLFF: We have just received a formal communication from the Austrian Ministry of Commerce, apologising for its inability to send a representative to the Congress, but explaining that it follows the proceedings of this Congress with great interest, and that it will appreciate the gift of a Report when issued. You will be pleased to learn of this mark of interest from so high a quarter—(cheers)—and of course we shall be glad to let the Ministry of Commerce have a Report.

The VICE-PRESIDENT: I call upon Count de Rocquigny to reply to his critics.

COUNT DE ROCQUIGNY: At this late hour I should be doing wrong to prolong the debate. I thank Count Károlyi for the support which he has just given to my motion. I would only recall to your minds that we have here to deal with a question of fact, since State intervention is actually practised in more countries than one, and that it has there yielded good results. We cannot remain indifferent to the success of co-operation in such countries, which I will call "new countries." We must betoken our sympathy with them.

The second clause of my resolution, which has been most largely discussed because it appears to affect the fundamental principle of self-help, is, in my opinion, decidedly wanted, because it sets limits to State intervention in the case of co-operation. That clause lays it down that State intervention must in any case be only temporary, and should respect the self-government of societies. By adopting it you would accordingly condemn excessive or else oppressive

interference by the State, and render a distinct service to co-operation.

In conclusion, permit me to appeal to the co-operators of the great countries, whose co-operation we regard with so much admiration, that is, the co-operators of Great Britain and of Germany, to stretch out a helping hand to the co-operators of new countries, and vote the resolution submitted to you which will permit State intervention reduced to the limits of what is necessary only.

Professor Dr SCHÄR (Switzerland): Gentlemen, I have asked to be allowed to say just a word when speaking is practically over, in order to make an appeal in a spirit of conciliation. It appears to me that there is danger of a discordant note being introduced into the harmony of what has been so far a magnificent Congress. We have here two parties represented—the champions of pure, absolute, unadulterated self-help, and the party in favour of conditional State aid. We are all agreed that co-operation has grown great and prosperous by self-help, by the consciousness of self awakened in members of the movement, by confidence awakened in ourselves. We are agreed that co-operation has become strong by being organised and having its force focussed in central organs. However, gentlemen, there is another principle involved in co-operation; we are not only for self-help but also for solidarity. And in what does solidarity consist? Evidently in this, that the great and the strong come to the assistance of the feeble and the small, that we all stand together, whenever there is occasion for doing so, that we employ our united strength for the benefit of the individual when we find him weak and helpless. Really, gentlemen, our Congress has up to now proved so harmonious, so wonderfully successful, that it has been a pleasure to see how representatives of the most various nations, the most opposite schools of co-operation, revolutionaries and reactionaries, have pulled together, how men of different opinions have met to deliberate in a spirit of concord, in the spirit of self-help and solidarity. In view of that, I think we may make the concession that is asked of us. Do not forget that after all the resolution proposed by Count de Rocquigny reflects the spirit which we have met to represent—the spirit, that is, of self-help and solidarity. Read the resolution over afresh, please, and you will find that there is nothing in it to prevent our agreeing to it in the spirit of solidarity, even though we ourselves look for no assistance from the State, we who rely upon pure self-help. I would suggest that Dr Crüger should withdraw his amendment, and I beg you to vote unanimously for the resolution.

Dr L. KARÁCSONYI (Hungary, claiming to speak on a personal matter): There are two things which I think I ought to state in explanation of what has happened. M. Füredi, who has spoken ostensibly on behalf of the independent co-operative societies of Hungary, is not a delegate of the union of such societies at all, and has received no authority to speak in their name. Next, I want to say as spokesman of that union, that the pamphlet which has been distributed among members of this Congress, ostensibly as coming from our union and to which Count Mailáth has referred, has been issued without any knowledge or approval on our part.

Count ALADÁR ZICHY (Hungary): That is a purely local matter, without interest for the Congress.

Dr L. KARÁCSONYI: All that I meant to convey is that we have nothing whatever to do with the matter. The pamphlet has been issued by the publishers of the *Genossenschaftsrevue*.

Dr CRÜGER (Germany): Gentlemen, neither I myself nor my friends can accept Professor Schär's suggestion, even in the interest of solidarity, because that would mean sacrificing our principles. On the other hand, I want to point out that resolutions adopted by international congresses are of practical value only so far as they are passed unanimously. For they cannot bind any co-operative union forming part of the Alliance, much less co-operative organisations outside it. On these grounds I would suggest that no resolution at all should be passed. I appeal to Count de Rocquigny. After all, we have on either side expressed our opinion with regard to self-help and State help, and at that point the matter might well be left.

Mr H. W. WOLFF: I want to point out that there are no less than five amendments to the motion before the Congress. If the motion is not withdrawn, accordingly, we shall have to vote first upon all such amendments.

Count de ROCQUIGNY: I am altogether unable to accept Dr Crüger's suggestion and withdraw my motion. It has been approved by many of our colleagues and formally vindicated by them. Apart from that I have a special ground for upholding my motion. I am satisfied that the higher interest of the International Co-operative Alliance demands it. Accordingly I must ask the Congress to vote upon it.

M. CHIOUSSE (France): To facilitate matters I will withdraw my amendment. (Cheers.) I appeal to other movers of amendments to do the same.

Mr D. M'INNES (United Kingdom): I beg to support M.

Chiousse's appeal. Let us have Count de Rocquigny's motion only to deal with, and vote for or against it.

Count ALADÁR ZICHY (Hungary): I likewise withdraw my amendment.

Dr CRÜGER: I can neither withdraw my amendment nor desist from asking that the vote, if taken, should be taken on the two clauses separately. However, in view of what I have already urged, more particularly that resolutions of this Congress are of value only when passed with unanimity, I move that we "pass to the order of the day."\*

Mr J. C. GRAY (United Kingdom): I second Dr Crüger's motion.

Mr H. W. WOLFF: Mr Gray has seconded Dr Crüger's motion. The question is that we "pass to the order of the day."

The vote was taken. The motion was adopted by 102 to 55 votes.

Mr H. W. WOLFF: The motion is carried. The Central Committee will meet here immediately.

Close of the sitting at 1:45 P.M.

## SECOND MEETING OF THE CENTRAL COMMITTEE.

Held on Wednesday, 7th September, in the large hall of the Royal Agricultural Society in Budapest at 2 P.M.

Present:—Mr H. W. Wolff in the Chair; Messrs Dr Alberti, Dr Crüger, Kaufmann, Wrabetz, Gray, Maxwell, M'Innes, Blem, Högsbro, Barré, Héliès, Count de Rocquigny, Count Károlyi, Prof. Dr Schär, and Serwy.

The Chairman reported that with the exception of lists from France and Italy the matter for the proposed co-operative bibliography was practically complete.

The *Erster Wiener Beamtenverein* was elected a member of the Alliance.

The nomination of new candidates for vacancies on the Central Committee occasioned a good deal of discussion.

On the motion of Mr J. C. Gray, it was agreed that for the next term the United Kingdom and Italy forego one seat each, to be allotted severally to Austria and to Germany.

It was decided that the Central Committee propose the re-election of all the retiring members, with the exception of Messrs Ponti and Guasti, M. Buffoli and Baron Störck being substituted. The Chairman explained that he had reason to believe that both would accept, Baron Störck subject to the approval of his Union.

\* This is equivalent to the British voting of "the previous question."

## THE BANQUET.

A magnificent banquet, given by the Hungarian co-operators, took place in connection with the Congress on the Margaret Island on Wednesday evening, 7th September. Count Károlyi presided, and there were in addition present the Hungarian Prime Minister, Count Tisza; the Hungarian Minister of Justice, Dr Plósz, Secretary of State; M. Géza Makfalvay, late Secretary of State; M. Paul Kiss de Nemeskér; Count Aurél Dessewffy; Count Joseph Mailáth; Count Imre Széchényi, and many more, in all about 178 persons.

Count Károlyi formally toasted the International Co-operative Alliance in the following words:—Gentlemen, you, who have come from far to communicate your knowledge to strange nations, recall to us in some manner the evangelistic work of the apostles who, something like two thousand years ago, spread abroad their faith in the ancient world. Among the doctrines which they taught there is one which has led you here, namely, the love of one's neighbour. That it is, likewise, which sustains us in our struggles. Our aim is to defend the weak, and to make life easier to them by protecting them against the crafty, who have in their turn become the oppressors of the weak, after something like a hundred years ago it was thought that the weak had been sufficiently defended against the strong by means of the barrier of equality set up for his protection. We endeavour to reach the goal indicated by teaching the weak how to practise self-help, which is the true essence of co-operation, and we believe that by securing to the weak the material benefits which it brings in its train, and at the same time inculcating the spirit of justice, co-operation may achieve a great deal for the maintenance of social peace. Co-operation, on the other hand, will come to the assistance of democracy and protect it against any undue influences of capitalism, and at the same time against the want of individualism and of liberty which is the characteristic of socialism. My desire is that the East of Europe, in which social questions are coming to the fore, but where thus far still far too little heed is paid to them, should be made to learn betimes what co-operation means, and that co-operation provides one of the chief roads which lead to social peace. My desire is furthermore that one of the results of this Congress may be that people may be brought to understand that co-operation means more than mere cheap buying, that in its ultimate results it



is a great instrument of human progress. It is for this Congress to proclaim this fact loudly in this part of Europe and to make it well understood; for only by doing so will it really deserve the praise which I am sure will be bestowed upon it. Tell Eastern Europe, then, that over and above ensuring great material benefits, co-operation brings about the moral and social development of people, which results stand altogether on a higher plane. I give you, ladies and gentlemen, the International Co-operative Alliance. I cannot do so without mentioning its chairman, one of its founders, who has devoted himself to its cause, throwing his whole heart and soul into the work. To him and to all you members of the Alliance I wish long life for the good of humanity.

Mr Wolff returned thanks, proposing, in his turn, "Hungary," with which he coupled the name of the Hungarian Prime Minister, Count Tisza.

Count Tisza replied as follows:—Ladies and gentlemen, allow me to ask you for a brief hearing. From the bottom of my heart I thank you for the kind, the truly generous reception which you have accorded to me. At the same time I would address a hearty word of welcome to you, our foreign guests, who have come to us from far-off lands in such large numbers, making light of the distance, to help us in promoting a great work of social peace, that is, of co-operation. I say to help us, to work in concert with us; for I can assure you that the Government follows with the greatest possible attention the progress of the co-operative movement. (Loud applause.) The great and powerful principle which lies at the root of co-operation is this, that we avoid in economic life the dangers which accompany unrestrained liberty. We avoid them, not by suppressing liberty, but by placing the weak in a position, by means of a union of their powers, to share like others in the benefits of liberty. We ensure to them the power not merely of improving their material condition, but mainly and primarily the preliminary conditions for raising themselves by an intellectual and moral education of a higher order, developing in them the great impelling power which the individual cannot do without, and which is the indispensable starting-point for all progress. Ladies and gentlemen, interest and human passions force their way into everything, and they may turn aside even the noblest cause from its true aim and lower its character: that is why I would caution you not to identify yourselves too readily with everything that is said and done in the name of co-operation. The essence of co-operation con-

sists in the support given to the weak, the protection of the weak, not against liberty but by liberty, not against progress but in the spirit of progress. (Loud cheers.) Ladies and gentlemen, the true aim of co-operation is emancipation, liberty, and social peace. I beg you to empty your glasses to the toast of "Success of this great and noble idea." (Long continued cheering.)

M. de Fontgalland subsequently proposed the Bureau of the Congress.

Count Mailáth followed with the toast of "the British co-operators present," coupling with it the name of Mr H. W. Wolff, who replied.

Count Mailáth then proposed the French Agricultural Syndicates, coupling with the toast the name of Count de Rocquigny, who returned thanks. M. Issakoff proposed Count Károlyi. Count Széchényi proposed the Swiss co-operators, coupling with the toast the name of Dr Hans Müller. Dr Müller replied. In conclusion, M. Ludwig Mérey proposed the German co-operators, coupling with the toast the name of Dr Crüger.

## THURSDAY, 8th SEPTEMBER.

### THIRD MEETING OF THE CONGRESS.

*Held at the same Place.*

The President, Count Károlyi, in the Chair.

The PRESIDENT: I understand that there have been some misunderstandings about the toast list at last night's banquet on the Margaret Island. Several members of the Congress, so I am told, have taken offence at their countries not being specially toasted. I need scarcely tell you how much I regret this. All that I have to say in explanation is that no disrespect, neglect, or offence whatever was intended. The toast list, as I prepared it, contained only five toasts, one to the King, one to the Archduke Joseph, who is a member of our Comité de Patronage, one to the Alliance, one to Hungary and the Prime Minister, and one to the Bureau. All that was said beyond was unofficial and outside the programme, said by the several speakers of their own motion. I regret exceedingly that in this un contemplated

toasting oversights should have occurred. However, my responsibility ends with the last of the five toasts named. (Cheers.)

Mr H. W. WOLFF (United Kingdom, Chairman of the Alliance): We have received some further communications which require to be communicated. Count Apponyi and M. von György, the Hungarian Agricultural Commissioner at London and Paris, have both telegraphed from New York to say how much they regret having been prevented from attending here. Also M. Lancelotto Rotti, Chairman of the Union of Co-operative Societies in the Tyrol, writes that he had intended being present, but has been detained at Vienna. Moreover, the Permanent Bureau of the International Peace Society has sent the following message:—

“MR CHAIRMAN AND GENTLEMEN,—Since we are unable to be present at the sixth Congress of the International Co-operative Alliance, which is to meet at Budapest on 5th to 8th September, we are anxious at any rate to convey to that Congress our best wishes and congratulations.

“The International Peace Bureau has hailed with real joy the support which the International Co-operative Alliance, and also a number of co-operative societies of Great Britain, France, and Belgium, have given to its cause. The relations, which are becoming closer from day to day between co-operators and friends of peace, and the growing extension of the two movements, both of very recent origin, seem to herald the arrival of that era of justice and peace, which our united efforts are preparing for the generation which is to follow us.—Believe us, gentlemen, to remain, yours very sincerely,

“For the International Peace Society,

ELIE DUCOMMUN,

*Hon. Secretary.”*

Will you authorise a reply to Berne in the sense of reciprocating their kind sentiments? (Cheers.)

Mr H. W. WOLFF (continuing): We shall now proceed to the election of new members of the Central Committee. As stated in the report of the Bureau Directeur, the following gentlemen retire by rotation:—Messrs Wrabetz, Micha, de Boyve, Ladousse, Gide, de Rocquigny, Elias, Luzzatti, Guasti, Gerebiatieff, von Koch, Müller, Gray, Greenwood, Hardern, Rhodes. The Central Committee propose the re-election of all these gentlemen, with the exception of M. Guasti, who wishes to retire. M. Serwy and Dr Alberti,

having been elected last Congress, to replace severally M. de Queker and Herr Häntschke, whose term was half expired, likewise go out and are re-eligible, and the Central Committee propose their re-election. M. Ponti retires by ruling of the Central Committee because he has lost his qualification, not having been nominated as a delegate, and not having paid any subscription for two years running.

The rules give each Congress power to determine the proportion in which various countries shall be represented on the Central Committee, such representation to be regulated by the importance of the co-operative movement in each country. The Central Committee consider that this time an additional representative should be allotted severally to Austria and to Germany. M. Ponti's retirement supplies one free place, which it is not proposed to fill by an Italian, and the British members have decided to forego one of their own number for this once, in order to make room for either a German or an Austrian. The proposal was that the representation of the United Kingdom, France, and Germany should be made equal, five representatives being allowed to each country, instead of, as at present, severally six, six, and four. However, the French decline to forego one seat. According to the Central Committee's proposal, the representation of various countries is accordingly to be as follows, the figures being fixed for this term only: France six, as hitherto; the United Kingdom, five instead of six; Germany, five instead of four; Austria, two instead of one; Italy, three instead of four. The representation of the other countries is to remain unaltered, viz.: Belgium three, the Netherlands two, Switzerland two, Denmark two, the United States two, Hungary, Spain, Russia, and Sweden one each. Do you agree? (Cheers.) The Central Committee's proposal is adopted.

We have now to proceed to the election of members. I will take the candidates country by country, and first, France. There are four vacancies, for which the Central Committee propose the four outgoing members, viz.: Count de Rocquigny, Professor Gide, M. de Boyve, and M. Ladousse. Does any one propose another candidate? It is free to every delegate to propose such.

M. L. HÉLIES (France): I propose M. Guillemin. The *Bourse Coopérative socialiste* considers itself entitled to an additional representative in virtue of the importance of its movement.

Mr H. W. WOLFF: I know Mr Guillemin well, and I know him as an active worker for co-operation.

M. BUFFET (France): On behalf of the French Central Committee of co-operative societies, I ask that no one should be excluded from the Central Committee who has for years back rendered good service to the cause, and who is not to be reproached with anything. I do not desire to mention any name. However, I hold that all the four French members retiring, being re-eligible, are desirable, and that none of them should be voted out. I am sure that M. Ladousse has not been consulted about this new proposal, and we know that he desires to remain a member of the Central Committee.

Mr H. W. WOLFF: M. Guillemin has been properly proposed, and I cannot exclude him from the voting. There are therefore five candidates for four vacancies. I will propose them in alphabetical order. M. de Boyve (63 votes), Professor Gide (87 votes), M. Guillemin (51 votes), M. Ladousse (49 votes).

Count de ROCQUIGNY (France), rising rapidly: Since M. Ladousse has been voted out, I must withdraw my candidature. The Chairman should not have put the candidates in alphabetical order. The official candidates proposed by the Central Committee should have been voted upon first.

Mr H. W. WOLFF: I beg your pardon. Every candidate stands in precisely the same position, and I am not going to place any one at a disadvantage. I have stated plainly enough that I should take the candidates in alphabetical order, as I did last Congress at Manchester. If Count de Rocquigny had any objection to urge to M. Guillemin he should have stated it when M. Guillemin was proposed as a candidate, not after he has been elected.

I earnestly beg Count de Rocquigny to reconsider his decision. We all know his value and his merits. I personally and every one here present would most seriously regret if he were to insist upon retiring.

Count de ROCQUIGNY: No, if M. Ladousse is voted out, I will not stand.

Mr H. W. WOLFF: I wish to point out that if Count de Rocquigny insists and declines to stand, M. Ladousse is *ipso facto* elected. We shall only lose Count de Rocquigny.

Count de ROCQUIGNY: I understand that.

Mr J. C. GRAY (United Kingdom): We have not here understood the names. There is a confusion as to who has been voted for.

Mr D. M'INNES confirms this.

Mr H. W. WOLFF: Very well, under those circumstances

we will take a fresh vote. And to please our French friends I will for once take the candidates proposed by the Central Committee first. But please pay attention to the names. It would be unfair to put M. Guillemin at a disadvantage. Being acquainted both with M. Ladousse and M. Guillemin, I myself shall abstain from voting for either.

M. de Boyve! 83 votes; M. Ladousse! 75 votes; Professor Gide! 97 votes; Count de Rocquigny! 86 votes; M. Guillemin! 30 votes. The outgoing members are elected.

M. L. HÉLIÈS: I must enter a protest against such proceeding as this. It is altogether irregular that one member should threaten to resign as a means of influencing votes and causing a vote already taken and altogether regular to be annulled. (Protests.) It is at us socialist working folk, those who count most, that the blow is aimed. You do not want to recognise its right to have two representatives on the Central Committee. We have proposed to you M. Guillemin, whom all the world knows, and Mr Wolff more in particular. He has done excellent work for the cause of co-operation, and is doing such still. Really no better choice could have been made, and we are not concerned with his particular private opinions. There was a good precedent for the election as it was first taken, namely, that of Manchester, where I carried M. Barré against the retiring member, M. Rostand.

Mr H. W. WOLFF: The United Kingdom. The candidates are Mr Gray, Mr Greenwood, Mr Hardern, and Mr Vivian, for two seats. Mr Vivian is a new candidate proposed by Mr Gray by resolution of the Central Board of the British Co-operative Union, and recommended by that Board.

Mr Gray! 101 votes; Mr Vivian! 77 votes; Mr Greenwood! 32 votes; Mr Hardern! 1 vote. Mr Gray and Mr Vivian are elected.

Germany next. The only outgoing member standing for re-election is Dr Alberti. The Central Committee proposes him. Is there any other nomination?

Herr KAUFMANN (Germany): I propose Herr Lorenz, Manager of our German Co-operative Wholesale Society.

Mr H. W. WOLFF: Any other proposal? No. There being only two vacancies the two gentlemen are elected.

Now Austria. It has been decided to give a second seat to Austria. We propose for that seat Baron von Störck, the Chairman of the Union of Agricultural Co-operative Societies of Austria. We are desirous of connecting those agricultural societies with the Alliance. I have had several

private talks with Baron Störck, and I understand that he is willing to accept election, subject to the approval of his Union. We propose him with that proviso, and hope that his Union will approve.

Baron STÖRCK (Austria): In the first place I beg to thank the Central Committee for conferring upon me the distinction of proposing my name. Although I have been active in co-operation for about twenty years back, I quite understand that such distinction is intended less for my person than for the important body of which I have the honour of being Chairman. The Chairman of the Alliance has already explained to you that I cannot accept the election without consulting my Union. You will understand this, because my election concerns not my person only, but a corporate body. Now I see reason to doubt that with your rules standing as they do, my Union will approve, or that I can accept the election. If you consider the matter seriously—and I take it very seriously—becoming a member of an organisation means subscribing to its rules and entering into an engagement to carry them out strictly. Now I have learnt from yesterday's proceedings that you exclude State aid, or at any rate, that you would confine it to the narrowest limits. Well, you have heard from the representative of the Austrian Ministry of Agriculture what position we take up in the matter, and that is also the position taken up by co-operative societies in Hungary, Germany, and in other countries. Your rules distinctly exclude State help. They say:—

“To study in common, with a view to improving the condition of the working classes, and to extend among the co-operative societies of every kind, among different nations and in the public opinion of all the world, the true principles and the best methods (a) of co-operation in every form, organised without the interposition of the State.”

Mr H. W. WOLFF: Baron Störck is under a misapprehension. Our rules were very hastily put together, and unfortunately last Congress we were prevented from carrying out our intention to recast them. The presence of Count de Rocquigny in the Alliance alone ought to make it clear to Baron Störck that the rule to which he refers is interpreted with great latitude.

Baron STÖRCK: That may be. It may be quite legitimate for organisations which are already in the Alliance to take a lax view of the rules, probably hoping to have them amended in their own sense. The matter is totally different in the case of an organisation now invited to join the Alliance. I

take it to be quite impossible for me, holding the views that that I do, to join the Alliance.

The idea which you hold in the International Co-operative Alliance, and the aims which you pursue, I admit to be very fine as an ideal. But we know that there are obstacles in the way of the attainment of ideals. Now, if you really wish to attain your ideal, to succeed in attracting the co-operative organisations of all countries into your Alliance, to organise them in national sections and so on, you will have to change your way of proceeding entirely, *you must alter your rules, you must admit State help*. That is the only way in which you can attain success. While you are in an embryonic state, at any rate, you will have to confine yourselves to accepting only what all co-operative societies can accept and subscribe to. If you believe that you will be able to join together co-operative organisations of the most varied types in your Alliance, why, that is your affair. It is an idea which I do not presume to condemn. But there are something like 20,000 or 30,000 co-operative societies in Europe which have not been sworn under your colours. Well, you may study to attract those societies, and it is conceivable that if you urge your views in a gentle, persuasive, unprovocative manner, you will gain them over to your views. Only in such way could you succeed.

I will not engage in recriminations. I believe that it was an accident which determined yesterday's vote. But in all countries of the East, and outside Europe—

Mr H. W. WOLFF: You are talking rather wide of the question. The question is whether you accept election on the Central Committee. The advice which you are kind enough to give us may be very good. But it was not asked for, and this is neither the place nor the time for giving it. If you wish our rules altered, you will be in a far better position for pleading for such change when you are a member of our Committee. You will be in order in doing so, and may possibly gain us over to your opinion.

Baron STÖRCK: I have not much more to say. I want to say that under such conditions we shall scarcely be able to decide upon joining the Alliance, and I shall not be able to accept election even subject to the proviso of approval of my Union.

Mr H. W. WOLFF: Then am I to understand that you do not accept the election? I want to repeat once more that you are under a misapprehension as to the conditions of membership. We did not ask your Union to join, but you personally. You may accept nomination from any co-



operative society which is a member of the Alliance. On the present occasion I represent here five societies, of only one of which I am actually a member. Surely you can find some Austrian society to nominate you? However, we should like to know now whether you accept or not.

Baron STÖRCK: I am a stranger here. I beg you to show me the forbearance of hospitality. I have explained that the rules of my Union debar me from accepting election, and I now state that as matters stand I cannot accept election under any circumstances.

Mr H. W. WOLFF: Well, thank you once more for your good advice which was not asked. We paid you the compliment of inviting, even pressing you to become a member of our Central Committee. I have gone out of my way to show you courtesy. You take advantage of the opportunity, when our time is precious, to treat us to a long lecture, which is quite out of order, upon what we ought to do, and how absurd we are, and call upon us to alter our rules. That is a new experience for me. One courtesy should be met with another.

Very well, Baron Störck will not accept election. I regret it. Our rules need not have stood in his way, and I had understood from him that he would accept as stated. That leaves us with a vacancy for Austria. According to your decision Austria is to have two seats. Has any one a candidate to propose?

Herr KAUFMANN (Germany): Herr Exner.

Mr H. W. WOLFF: Herr Kaufmann proposes Herr Exner. Are there any other proposals.

M. FÜREDI (Hungary): Dr Stefan Licht, a member of the Reichsrat.

Frau STEINBACH (Germany): I beg you to vote for Herr Exner.

Ministerial Councillor Dr ERTL: Dr Licht is no longer in the co-operative movement.

Herr VON ELM (Germany): I must enter my protest against politics being introduced. I have just heard the question asked in English whether one of the candidates is a Socialist. It is altogether unfair that a candidate should be ruled out for being a Socialist.

Mr H. W. WOLFF: Herr von Elm is under a misapprehension. There is no preference shown on political grounds. We are reduced to one candidate. For it turns out that Dr Licht has been proposed by a member of the Congress, who is not a delegate, and has accordingly no right to propose any one. I put the question once more: Are there any

other candidates? No. Very well, then Herr Wrabetz and Herr Exner are elected.

Italy. The Central Committee recommend the re-election of M. Luzzatti and the election of M. Buffoli, President of the *Unione Cooperativa* of Milan, an excellent co-operator, and a late member of the Central Committee. We have reason to believe that he will accept.

M. DALAI (Italy): I most heartily support that recommendation. The Congress could not, in fact, elect two better men. M. Luzzatti is for us the father of co-operation, the father of Italian co-operation, and M. Buffoli is our accepted apostle of co-operation, its best missionary. He has sacrificed his position, his entire life, to the service of co-operation. M. Buffoli might have filled a brilliant, well-salaried place. However, to do good to his neighbour he is content to remain a co-operative employee at 200 francs a month. He has rendered invaluable services to the poor in Italy.

Mr H. W. WOLFF: Any other names? No. MM. Luzzatti and Buffoli are elected.

Hungary, Count Károlyi (loud acclamations and *elyens*); the Netherlands, Dr Elias (agreed); Switzerland, Dr Hans Müller (agreed); Belgium, MM. Micha and Serwy (agreed); the United States, Mr James Rhodes (agreed); Russia, Colonel Gerebiatieff (agreed); Sweden, Herr von Koch (agreed).

The Central Committee is now complete. I beg those members of it who are present to remain in the Hall after the conclusion of the present sitting, in order that we may elect officers for the new term.

We now come to the third question on the programme—"Centralisation of Co-operative Banking by Means of a Central Bank."

Allow me to read my paper in English:—

### **Centralisation of Co-operative Banking by means of a Central Bank.**

Called upon at rather short notice to take the place of Herr Caspers of Neuwied as opener of this discussion, I shall have, I think, to treat my subject from rather a different point of view from that from which I presume that the experienced head of one of the largest and best organised of Central Banks would have dealt with it. Nothing, I believe, will be lost by this change. For you have Herr Caspers' own account of the way in which his bank is organised and administered among your Congress papers, together with

other accounts as valuable and instructive, passing among them all the principal Central Banks which are in existence under review and explaining their organisation and work.

My duty, I take it—a duty particularly appropriate to an international gathering like the present—will be, not to enter into technical details and act as judge among various systems or establishments, but to place myself outside the technical circle, among co-operators generally, who want to know what advantage a Central Bank might secure to them, and deal with my subject in the broadest possible way.

The word “Central Bank” is now on a good many lips. Those who have such a bank evidently prize it highly—only they would have it render far greater services still than it does, and are therefore anxious to see it improved in this sense. Among those who have none, I notice that some shrink back rather timidly from the suggestion that they should form one. The thing appears to be so formidable! Evidently they are thinking, not of the little bantling Central Bank which Raiffeisen thought it very good policy to form in 1872, with only eleven little village banks belonging to it, but of a Central Bank like that maintained by the Prussian Government with £2,500,000 share capital. Others show none of this timidity. They are even eager to have their Central Bank. But it appears to me that they are thinking less of the “altar” than of the “gift which is upon the altar,” that is, of that State endowment, which seems to have become a standing feature of all Central Banks, as necessarily understood a garnish as horse-radish is to beef. *Quod index auro id aurum homini.*

It is rather curious to observe how rapidly opinion has “ripened” with regard to this matter. Barely ten years ago, we self-helpers—for I was among the number contending for our cherished principle—in France took great credit to ourselves for successfully defeating in the Rue d’Athènes at Paris, after a tough fight, M. Senart and his Government proposal to create a separate Central Bank endowed with one poor million of francs of State capital. We would not hear of “the cart being put before the horse.” The French equivalent was the expression used. No State endowment under any circumstances! Banks first and, when they are strong enough and if they choose, let them form their own Central Bank! These were our battle-cries. At the same period Neuwied vaunted itself not a little that it could do without the Prussian Central State Bank, and would have none of it. To-day my whilom allies in France, both of the *Centre Fédératif* and of the *Syndicats Agricoles*, not only com-

placently swallow the camel of about 9,000,000 francs which is to grow to 137,000,000 francs, though they strained at the gnat of one, but, like the dogs of the Psalm, grudge, not merely if they be not satisfied, but even if the money which is earmarked for them, but which they have no occasion to claim, coming out of the public purse, should be put to public use. *Le chien du jardinier ne mange pas de foin, et pourtant il n'en veut laisser manger à personne.* And Neuwied goes for its money to the State Bank as well-trained lambs go to their mother ewe, and so indeed do even some credit societies of the Schulze-Delitzsch Union.

Gentlemen, we in Great Britain do not believe in State endowment. We would not have it, even for those mere temporary leading-strings that Count Rocquigny apologetically pleads for. We know that there is poison in it. We know that with it we could never have had that great co-operative movement, so successful, so helpful to our working classes, so wealth-producing; nor yet that active co-operative spirit, or our vigorous efforts at co-operative education—all of them things which are not to be found of the same form or development wherever co-operation leans on State aid. You think otherwise, but facts are on our side.

Well, but to go on. I find that I shall have to start by stating what is to be understood by a Central Bank. My friend Count Rocquigny will have it that France, which is pledged to provide for its "regional banks" more than twice the State endowment that Prussia has provided for its one "Central Bank," has no "Central Bank." But, then, what about the twenty or twenty-one Central Banks of the Haas Union, on which Herr Heuzeroth has contributed so instructive a paper? And what about Raiffeisen's first three Central Banks? Wherever several banks combine to do business through a common organ, there we have a "Central Bank," as wherever stores combine for the same purpose, we have a wholesale society, though it be as modest as whilom Charenton by the side of Manchester. One point which I hope that our discussion will make clear is, whether small struggling credit societies do well or not, in spite of their puny size, to combine and form an equally modest "Central Bank" to facilitate their obtainment of credit and their finding employment for their surplus deposits.

On the point of the advantages which the Central Bank is in a position to render, there is happily little difference of opinion. In the first place, it can centralise business. It may secure to you, where you have not got it already, the invaluable convenience of a clearing-house, such as you have

christened *Giroverband*. It will take your cheques and balance them one against the other, also your bills of exchange. Therefore, as is so often pointed out in your prints—I saw the thing admirably explained only the other day by Herr Feldmann in the *Landwirthschaftliches Genossenschaftsblatt* of Bonn—in doing business you may leave all your heavy money at home, or wherever it is, and simply send a piece of paper. We have the same convenience without co-operation or Central Banks. And we know that it is amply worth having. But unquestionably you do well, wherever it does not yet exist, to identify it with co-operative credit, and so make it your herald and pioneer.

Where your cheques and bills of exchange meet, your money may meet as well, thereby securing you an even more valuable service, namely, that of equalising your balances, making superabundance in one society correct emptiness in another. That is a most important point. In my opening address to the Belgian People's Banks' Congress in 1897 I ventured—I think, with the approval of M. Luzzatti, who was so much taken with my idea that he had proposed to deal with it at our second Congress at Paris in 1896—to ask whether that same service could not be extended internationally, so as to make one strong Union assist another supposed to be weak. I was thinking then of the *embarras de richesse*, the plethora of money, which I had noticed in the German *Credit-Vereine* in 1895, whereas elsewhere, where co-operative security was not yet understood, things were going rather badly.

However, this money-balancing service really leads me on to what I had wanted to make my second point. Therefore, let me stop one brief moment to inquire what kind of institution it is that you want simply to centralise your business. Not necessarily a bank of your own. In England we have the Bank of England to do it. Banking arrangements appear as advanced in Belgium, for the People's Banks of Belgium manage to get on very well without a Central Bank. The valuable services which the Banking Department of our English Wholesale Co-operative Society renders to co-operative societies who lodge their surpluses with it, answer more or less the same purpose. It is distinctly useful, and it keeps banking profits in customers' pockets. Dr Crüger's *Allgemeiner Verband* in Germany goes for the same service to a Joint-Stock Bank, Messrs Sörgel, Parrisius, & Company, now amalgamated with the "Dresdner Bank," which, under an arrangement, as a matter of profit, does all their business for it, and doubtless does it well. In Italy there is no Central Bank. A proposal to form one, though warmly espoused by

M. Luzzatti, was defeated in 1895. Why? Not at any rate solely because the *Banca Popolare* of Milan, a giant Bank strong in capital, like Messrs Sörgel, Parrisius, & Company in Germany, rendered the desired service already to the co-operative banks as a matter of profit to itself, and did not care to be dislodged. The late Arrigo Valentini, whom I look upon as an ideal credit co-operator, and who had no occasion whatever to fight the battles of the *Banca Popolare*, has told me the cause, and it is worth taking notice of whenever you may be thinking of forming a Central Bank. By the side of many truly excellent People's Banks, Italy has also a number of decidedly bad ones. However, who shall distinguish between good and bad once all club together in a Union? The share must confer the same right to every one. Naturally the managers of the good banks were afraid to go into partnership with the bad ones, which might have meant paying for their insolvency on the lines of the Latin proverb: *Canis peccatum sus dependit*. No doubt the Italian People's Banks are much safer as they are.

Now let us advance to the next point. For the first service to be rendered I take it that I may say that you want some institution or other, your own or one with which you have an arrangement, which *you* can trust. We now come to a service in respect of which it is necessary that the institution should be able to trust *you*.

You do not want only to centralise. Your little banks are there for the purpose that through them you may borrow. That is their object. I am quite aware that in Austria, in Belgium, and in parts of Germany there are plenty of banks which rather receive deposits than grant credits. That may be, as Dr Vliebergh instructively suggests in his paper, because people, although no doubt wanting credit, are not sufficiently educated to know its use and to claim it. However, these cases are the exception, and really they point to the same fact. For taking deposits is, after all, only another form of borrowing. People deposit because they trust you, learning all about you in your own little district. But the chances are that you want to borrow, in order to re-lend, more than you can scrape together in that circumscribed area. To make my case the more apparent, let me take the case of village banks of what is known as the Raiffeisen type. Their object is, by clubbing together liability only, without anything of that which Léon Say has called a *petit capital de garantie*, to purchase credit. Well, that will do very well, as I have said, in your own little district. But I assume that you want more. The instructive tales told by the Neuwied

*Verband*, by Dr Kusztelan on behalf of his Polish banks, and by the *Landesausschuss* of Upper Austria, show how seriously want of further credit may cripple you and limit the utility of your banks. Well, there is plenty of money to be had in the world, but not on your security. You must extend it. You can do so by carrying your old principle a little farther. And that is actually what you have done—without, I fear, sufficiently taking into consideration the appropriateness of introducing other factors. You unite your local societies to Central Banks. And then, how do you proceed? You subject every one of your members to an inquisitorial examination, you ransack the income-tax and “supplementary-tax” lists, and make officers of State give up their secret information in order to ascertain what every man is “worth” as security, and then you total up the whole. Gentlemen, I could not stand up before a British audience to recommend such procedure, more especially after proclaiming first in M. Luzzatti’s words the joyful news that co-operative credit is “the capitalisation of honesty.” To begin with, we have none of those income-tax or “supplementary-tax” lists that you rely on in respect of the classes to be benefited. We are told that what with Free Trade and the rest of it we are going to rack and ruin, and you all are rising triumphant above us. But at any rate we can indulge in the luxury of not taxing our poor. But, apart from that, this is not the “capitalisation of honesty.” This is not the “personal credit” which endeared co-operative banks to Léon Say. “What pleases me in co-operative banks is that they deal in personal credit. Credit,” so he goes on, “was in its infancy when kings raised money on their crown and jewels.” When I hear of all your inquisitorial proceedings, which are fully set forth in our Congress papers, I think wistfully of the *Banca Popolare* of Milan and the *Banque Populaire* of Mentone, in their early infant days, fastening their daily balance-sheet outside their door every night and so obtaining credit by their good management and the publicity given to it. It seems to me that your very cumbrous proceeding, involving the search of many registers, and bonds, and inquiries, and what not, argues rather an elementary stage in development. You are still in truth dealing out only pledge credit.

I want to point out in passing that you could not have all this if it were not for the State assisting you. You could not have access to those income-tax returns without the State. And you could not want to prove your solvency in this red-tape fashion without State aid, but would have had to accommodate yourselves to the customs of the market.

Now what you want to show the market is that you can be trusted, in the first place, because your management is good, which the publicity so much recommended by M. Luzzatti will help to demonstrate; and in the second, because you have a firm hold upon your members and can exact repayment from them. Please remember M. Luzzatti's dictum, "The best guarantee is the worth of the member." Within your district you can ascertain what is the "capacity for credit," as you call it, of every local bank beyond what any one else can. This fact, patent to all co-operators, is brought out with admirable clearness in the paper contributed by the Upper Austrian *Landesausschuss*. Now see what large scope for utility this opens to you, going far beyond the sphere of co-operative credit institutions merely. It is your business to deal in what we call "Scotch cash credit," opening money accounts to bodies of ascertained solvency. What admirable assistance you may, in your position of ascertaining solvency, thereby give to industry and agriculture by enabling common purchase or supply societies, of whose solvency you have satisfied yourself, to draw upon you! M. Luzzatti, not having a Central Bank by which to do it, has, provided for the same service locally by placing a local credit society in touch with an agricultural syndicate. The member satisfies the credit society of his solvency, and the credit society pays his account to the syndicate. By means of a Central Bank you can do infinitely more, as has been recently pointed out in Dr Havenstein's *Landwirthschaftliche Genossenschaftszeitung*.

However, beyond this, we shall have to recognise that the customs of the money market require something else that you must comply with. President Heiligenstadt appears to have very clearly detected this and to have acted accordingly with great judgment and great correctness. A Central Bank formed—avowedly formed—to serve as link with the outside market, stands in an inherently different position from a little local village bank. Your system of doing without share capital, of relying solely upon liability, is all very well in a narrowly limited area where everybody knows and everybody can watch one another. It has the advantage there of letting in even the poorest, and the security is sufficient. However, a Central Bank wants something more than this. Your squires are too exacting. They require an immensity of credit with nothing on the other side but their signatures. They raised a tremendous outcry, so I remember, in Karlsruhe in 1898—that was the Haas Union—when President Heiligenstadt, with the support of our colleague Dr Havenstein, began to draw the reins a little tighter.



What all this leads to Herr Heuzeroth has very clearly shown, and done well to show, in his able paper. A man of business laughs at the disproportion there exhibited, as in Falstaff's case, between a "poor ha'porth" of share capital to such an "intolerable deal" of credit. The money market does not understand all this—in truth, to it it is bound to present itself as rather suspicious. But the market does understand capital, and it does understand limited liability, by preference liability limited to the value of the share. In my opinion President Heiligenstadt has done not only well, but what was urgently wanted, in almost compelling Central Banks to think more of capital and less of mere endorsement. I do not see what else could stay the perilous course upon which you have been launched by your reliance upon State help. My friend Count Rocquigny flatters himself that agricultural folk will grow more business-like and more self-reliant once they feel firm ground under their feet. I have never heard of a beggar desisting from begging while his begging secured him alms. Who has drunk, according to the proverb, will go on drinking, and who has borrowed will go on borrowing. Look at the case of the Neuwied Central Bank! Before the creation of the *Zentral-genossenschaftskasse* it managed to raise a sufficient capital to deal almost as an equal with the Imperial Bank, because it had to. It owes its large capital to those days, and is by reason of it in a different position altogether from the Central Banks referred to by Herr Heuzeroth.

People dwell upon the advantages of strict inspection resulting from connection with the State. It is a great gain indeed. Strict, searching inspection is as the breath of life to co-operative credit institutions. Only I cannot see what State aid has to do with this. Inspection by a Central Bank which realises that its credit and solvency depend upon its own careful inspection of local banks and the early detection of every flaw in their management, would be far more searching, far more trustworthy, than the rule-of-thumb inspection carried out according to the prescribed rules by a public officer who knows that there is the State behind to meet a deficit.

One other point! I cannot see that it makes much difference under what precise act a Central Bank is registered. People find fault with the Neuwied Bank for being registered as a Joint-Stock Bank. In my opinion that is a very much better status for it to take up than that under which its predecessor was registered in 1872 as an unlimited liability society. A Central Bank may be in its dealing as co-operative as any other, though registered as a Joint-Stock

Bank. However, supposing that it is the property of the local banks attached to it, I consider that it is of great consequence whether it has a broad foundation or a narrow one to rest upon, and a cluster of uniform banks to minister to, based on the same principle, acting after the same methods or the reverse. The more uniformity of organisation and method there is among its members, the broader is its foundation, the larger the surface upon which it relies, the stronger and the better is the Central Bank likely to be. That is why I prefer the centralised system of Neuwied to the looser organisation of Darmstadt, and also to the "regional banks" of France. It cannot be seriously contended that one head office cannot, under such circumstances, direct the whole business, seeing what a far greater volume of business both the Bank of England and the Imperial Bank of Germany administer each through its one head.

I have brought you to the point which gives you your link with the money market, your bridge spanning the gulf of mutual strangeness over which business can be carried backwards and forwards. There can be no question that local banks have found such link useful. And the President of the Imperial Bank of Germany, Dr Koch, has borne witness, before further means were available, in the German Parliament, to the great value of such centralised institutions for people dealing with money on the other side. They facilitate easier, readier, more liberal credit, and in addition to giving you that they also in some measure ensure to you what is more specifically in respect of agricultural and artisans' credit an unspeakable boon, namely a credit which is tolerably steady for long periods together, enabling you to make your calculations and shape your business a long time in advance. Credit, by the way, will be the steadier, so I beg once more to remind you, the greater financial strength you have in your Central Banks. Herr Heuzeroth makes it quite clear how the larger demands made upon the money market, without sufficient capital to back them, have tended to make credit less steady and its rates more fluctuating.

But now, what have you on the other side? Public institutions, as in Germany the Imperial Bank, used to give you credit on comparatively easy terms. However, all this credit business has everywhere tended to the creation of special organs. You may notice this effect in Egypt. You have it in various States of Germany. You have it most notably in the Prussian *Zentralgenossenschaftskasse*, which acts as the *tête-de-pont*, the connecting link, on the side of capital.

Frankly, gentlemen, if the State is to help at all, I think

that it is by such means as a *Zentralgenossenschaftskasse*, placed under business-like management, that its help should be given, because under such circumstances it is likely to remain business. For its own credit's sake a body like the *Zentralgenossenschaftskasse* will not want to make a loss. It will see as far as it can that what money it advances is also repaid, that the whole business is kept within business-like lines. That appears to me infinitely better than the French system in which the State pours its millions at the discretion of a minister, who must be a political minister, into the coffers of "regional banks," where it is not wanted, or withholds it as Count Louis de Vogüé complained at Arras, where it is, which is even worse. It appears to me infinitely better than the system adopted in Egypt—it seems, after some hesitation, during which a co-operative system was contemplated—and proposed in Cyprus, where the State is to deal out its money directly to the individual borrower under the observance of methods which would frighten the poorest British cottier away, to be recovered by the Government tax-gatherer. I am heartily thankful that in India sounder counsels promise to prevail, and that we are likely to have there genuine co-operative banks crowding out the inconvenient *takavi* loans, as in Ireland agricultural banks are crowding out the old-fashioned, un-co-operative "loan fund societies."

Only I cannot for the life of me see why, if this is made business, the State should intervene to do it. Show capitalists that it will pay, even only a small dividend, and you may depend upon it that they will not be slow to take advantage of the opportunity. And that would keep you clear of all the danger of abuse involved in State aid. To leave the State to do it appears to me almost to suggest that something more or less than business is contemplated as possible.

One word more. You see at Neuwied, and in imitation of Neuwied at Darmstadt and Hamburg, "Central Banks" carrying on business which is legitimate business enough and useful business enough, but not in any sense banking business. Neuwied set the example, as some of you know, because it was badgered into it by backbiters insinuating unkind things against the old trading firm of F. W. Raiffeisen & Co., which really supplied a better form under which to do such business. Darmstadt followed suit and launched out into business more ambitious, but, as some people think, just a little speculative. It seems to me that such buying and selling of goods had much better be separated from banking

and carried on by a trading organisation. *A chacun son métier et les vaches seront bien gardées.*

To sum up, I cannot hold it to be doubtful that Central Banks may in the proper place and under proper organisation and management become exceedingly useful institutions, and that although the broader is the foundation the stronger and the more useful will they be, yet where co-operative banking is in its infancy, small clusters of banks, like our Irish, may do well to combine, forming their Central Bank on their own humble scale, leaving it to spread out as it grows. Central Banks are not wanted everywhere. In Belgium they do not appear wanted for the well-managed urban banks. Even in rural districts they are not always a necessity. The Central Bank of Parma does comparatively little business, because the diocesan banks are sufficiently well supported by their "catholic" patrons. But in the generality of cases, especially in country districts, they are likely to be wanted. Only I would insist upon strictly business-like conduct of business, on the creation of a capital of their own, and upon strict supervision of the local banks which deal with them.

I conclude with this motion:—

"That, wherever a link is required between local co-operative banks and the general money market, Central Banks form a useful means for providing such; that they may be made particularly valuable as means of supervision and inspection of local banks; and that where they exist it is desirable that they should study the formation of a capital of their own and proceed in all their transactions on strict business lines."

(For other papers on the same question see pp. 320 to 403).

M. de FONTGALLAND (France): Mr Wolff's resolution very fairly summarises the question of regional banks in France. Mr Wolff makes it a reproach to us that we have deserted him in his struggle against the proposal of our Government to form agricultural banks by means of a central bank, and again, to-day, in very picturesque language, for having grumbled, and still grumbling, at the smallness of the funds which our Government places at our disposal with a degree of parsimony which we in our turn often enough make a subject of reproach to our Government. We did not, it is quite true, desire to have a central bank at the time to which he refers, because the central bank then suggested was to be a Government institution. We thought we had enough public employees already in our country, and that there was no cause for creating a new set by establishing an institution

which could scarcely have proved of great utility. We held that once the small local agricultural banks were formed, we should without difficulty ourselves find the capital which might be required for starting some institution which would serve as central link among all those local banks. That is just what happened, in 1899, as a sequel to the law which we then succeeded in obtaining from our Parliament, and under which the various regional banks have since been formed. The regional banks are banks intended to serve the purpose of focussing the business of the small local banks which, if left to themselves, there is reason to fear, would not have been able to maintain themselves. Our regional banks have multiplied rapidly, notwithstanding the fact that the resources placed at their disposal are small shares only, with the addition of deposits from members. Accordingly we find ourselves among them on truly co-operative ground. These regional banks have in their early days done without any subvention from the Government. Those subventions took a long time in being paid. I might quote a case in point from the experience of the regional bank of Lyons, which, having asked for a subsidy, was kept waiting so long that it was driven to procure for itself the necessary funds by making an appeal to its members while the Government was making up its mind. The State, I should add, assists only by means of advances repayable after fixed terms. And what are regional banks called upon to do? Precisely what Mr Wolff has just recommended that central banks should do. These banks are self-governing, in the sense of having a capital of their own. They possess such capital from the very day of their formation, because their members take up shares, and all the money which the State advances to them, free of interest, they repay. The interest upon it, which is not paid to the State, is employed for the formation of a reserve fund, and on the day when the advance has to be repaid the capital of the bank is constituted by means of the reserve fund formed by the accumulated interest calculated at the rate of three per cent. Mr Wolff's reproach is accordingly not well founded, since there is no bank without capital of its own. We also insist upon a uniform system of bookkeeping, which facilitates good management. We could therefore get on very well without State aid.

Mr Wolff expresses the wish that central banks should control local banks. That is precisely what ours do, for we have inspectors to whom such work is entrusted. In conclusion, Mr Wolff asks us to sever our connection with the State entirely, as soon as possible. Now in his paper he

quotes all the central banks which have been formed with State help, but he appears to have forgotten to read on page 36 of the Agenda a report from the Irish Government, which shows that in Ireland the Government favours the agricultural banks, and that it has even made money grants to them according to their several importance, grants which in this year mount up to £7,780. However, the Government does not advance the money without charging three per cent. interest, so that the local banks do not really find themselves in a privileged position. The interest, traced home, comes from the pockets of members, and forms part of the management expenses.

I do not wish to tax your patience any longer. Let me sum up what I want to say. I desire warmly that it should be understood that the regional banks in France are self-governing bodies, that in many cases they maintain themselves altogether without grants from the State, and that they regularly inspect the local banks. Quite recently a Bill has been proposed in our Chamber for creating a central agricultural bank at Paris. We shall fight that proposal tooth and nail, because such an institution as is proposed could not possibly prove useful. Our regional banks are sufficient for all purposes, so far as agriculture comes into question, in this sense, that, being in their own districts, they are in a far better position to control local banks than a bank situated in Paris would be. They are also in a better position to judge of the value of paper offered, because they are on the spot and in continual intercourse with local banks. Mr Wolff, not being a Frenchman, possibly fails to appreciate the reason why we grumble in France. It is because the 40,000,000 francs of the Bank of France have long since been sunk in the bottomless swamp of Treasury expenditure. The Minister of France would have some difficulty in producing the money were he called upon to do so. We fear that if there were a central bank at Paris its capital would go in exactly the same way. I therefore believe that we are on the right path, and shall do well to remain on it. (Cheers.)

M. BARRÉ (France): The question of co-operative central banks arises not solely in connection with agricultural needs, but also in connection with productive and distributive societies. The corollary to non-interference by the State in our societies is unquestionably the creation of co-operative central banks. We have large co-operative societies in France. There are great stores which do exceedingly well. But they would do better still if they had a central bank which could handle their money for them. We should want

to acquire experience in this matter just as we have done in the matter of the wholesale purchase of goods. That will be the salvation of co-operative credit and a safeguard against mistakes and malversations. There is another plea to urge in favour of such banks. It is this. Whenever a co-operative society, be it productive or distributive, carries its money to a private bank, it can never tell what will become of that money, rather, we know that it must in many cases pass into the hands of those who have no other object at heart but to injure and ruin co-operative organisations. I think, then, that it would be well to add to the resolution before us the following clause:—

“This Congress recommends to all distributive and productive co-operative societies the employment of co-operative in preference to private banks.”

Mr H. W. WOLFF: That is a novel proposition.

The PRESIDENT: In that case I shall put the two motions separately. Mr Wolff's. (Agreed.) M. Barré's. (Agreed.) We proceed to the consideration of the fourth question:

### **The Backwardness of Co-operation in Eastern and Northern Countries of Europe: Its Causes and the Proper Remedies.**

M. J. G. DUCA (Roumania): I presume that when you put “The Backwardness of Co-operation in Eastern and Northern Countries” on your programme, your object was not merely to ascertain what is the actual condition, more or less developed, of co-operation in such countries, but to establish permanent relations between countries co-operatively strong and countries co-operatively weak, in order that co-operation may, by a mutual approach, be made to develop more satisfactorily in the latter. And I believe that it will be all the easier to establish such relations and such contact among the nations of Eastern Europe since—although they have not, of course, advanced as rapidly in the paths of co-operation as England, France, or Germany—yet there are some, at any rate, which are making serious efforts to follow the example of those others, and accordingly deserve encouragement from the larger countries. I will on the present occasion content myself with quoting one example only, that of my own country, Roumania, and I believe that it will be easy for me to demonstrate to the Congress that we are engaged in very real efforts for the attainment of co-operation. To show this

the more clearly I will exclude from my review both productive and distributive societies. I do so for two reasons. In the first place there are only very few co-operative and distributive societies in Roumania, and there are no dependable statistics extant to indicate either their number or their capital. In the second place, unfortunately, all such productive and distributive societies as we have are co-operative only in name. They are really joint-stock companies registered for reasons of convenience as "co-operative societies" under our Commercial Code, which is nothing but a facsimile of the Italian Code, which in its turn is a copy of the French. You will find, among such societies, societies registered with unlimited membership and unlimited capital. That is the indispensable condition for registration under the law as a co-operative society. But you will look in vain for societies exhibiting a co-operative spirit or anything like that lofty standard of morality to which our esteemed President, Count Károlyi, has referred in his opening speech, as constituting at the same time the distinguishing mark and the source of strength of a co-operative society. I will now confine myself to co-operative credit societies only, and more particularly to agricultural credit societies which have made wonderful strides in Roumania. If you will look at our latest statistics you will find that in 1890 Roumania possessed not a single co-operative bank, that in 1891 it had only one, in 1899 scarcely 20, but in 1900 already 44, and that to-day, at the moment when I have the honour of addressing this Congress, the number stands at no less than 1580, with a capital, collectively, of 6,000,000 francs, without counting deposits.

Now how are we to account for such rapid advance? Was it produced by artificial means, or have we a genuine co-operative movement before us, called forth by genuine social wants?

Our co-operative movement, I can assure you, has nothing artificial or of a hot-house character about it. It really arises from a plainly felt social want, because the question of popular credit has assumed in Roumania an importance more pressing than in any other country of Europe. Up to 1864, the great majority of the Roumanian peasantry, which accounts for more than three-fourths of the total Roumanian population, were without any proprietary rights whatever in the land which they tilled, and on which they lived. They were practically serfs, bound to supply a fixed amount of labour for their landlords, for the *boyards*, who, in return, were bound on their part to provide sufficient land for them



to maintain their family and their cattle. In 1864, however, Roumania gave by law to every one of her peasants a portion of freehold land. The holdings vary from  $1\frac{1}{2}$  to 6 hectares (about  $3\frac{1}{4}$  to 15 acres). By such means an independent peasant proprietary was created. It is easy to understand how after that the question of popular credit came at once to the front, and that it became all the more pressing because the change was altogether sudden, and no sort of preparation had been made for it, nor was any period of transition allowed. And its urgency became even still considerably greater when Roumania advanced economically by leaps and bounds, as it did from that period forward, becoming a country of large agricultural production, and all but doubling its population in something like thirty years. Roumania was a young country, without any economic past, without any sound financial institutions, without any accumulations of popular thrift. The peasantry required credit to be able to carry on their calling. The only way in which they could actually obtain such, as matters stood, was to go for it to such of their neighbours as had, as a result either of greater forethought or else of keener avarice than they themselves possessed, accumulated a small hoard, and, circumstances being favourable, as a matter of course were quite willing to increase it as fast as possible. It is thus that usury came to overspread the land, marked by a degree of rapacity which it is painful to contemplate. One does not like owing to the presence of such base and inhuman exploiting of one set of men by another in large proportions in one's own country. But I owe it to truth to tell the Congress that in Roumania usury grew more rife than in almost any country. 63 per cent. was in the villages the current rate of interest, and frequent cases have been known of 100, 200, and even 500 per cent being exacted.

Here was a state of things too pregnant with mischief to be ignored by the Government, which ever since 1881 has made it its endeavour to find a remedy by the introduction of agricultural credit. However, the measures taken by the Government have proved ineffective, because the agricultural credit created was pledge credit only, which, as you are all aware, is a kind of credit alike burdensome and of questionable value. It deprives those of credit who need it most, that is, the very poor. And it places a considerable portion of national property, so to speak, under lock and key, within the tenacious grip of a "dead hand," so as necessarily to paralyse economic progress by hindering the free exchange of goods. I would go further and contend that it is immoral

credit, for it does not inquire into the object for which money is borrowed, nor does it supervise the employment of the money. It is calculated to tempt borrowers to practise fraud, because it asks of them something that is in many cases impossible, that is, not to dispose of what they have pledged. I affirm without fear of contradiction that in Roumania, although happily the State has not suffered any material damage under this head, a large proportion of the property pledged as security for agricultural credit is purely fictitious—not because the agricultural population of Roumania is less honest than that of other countries, but because in the present day there are wants to be satisfied which are not to be met in the old way.

Seeing, then, that the State was powerless to deal adequately with the question of popular credit by legislation, and that the continued existence of rapacious usury made the discovery of a remedy more urgent from day to day, our agricultural population instinctively turned to co-operation and sought there the remedy which the State could not provide. This is a very important point indeed in my story, and I beg you to take note of it. In little villages high up in the Carpathians, amid snowy peaks, or else in the wide, sparsely peopled plains watered by the Danube, schoolmasters and priests, quite of their own accord, without any suggestion from any one, stimulated to such action simply by what they had read about similar work accomplished elsewhere with the help of co-operative banks—most notably in Italy and in Transylvania—set to work to raise up institutions of the same kind in their own little hamlets. It was not till long afterwards, after, to the general surprise of every one, it had been discovered that there were already about forty such banks in Roumania, of whose existence no one had had the slightest inkling, that the Government stepped in to provide help. Now I beg you to remark this. When one sees a movement of this kind springing up in a great country, where education is advanced, where the means for propaganda are plentiful, and where there is a disposition to private action, there is nothing to surprise him in the fact. However, here is a small country, undeveloped, with education in economics scarcely existent! To find the agricultural population turning all the same, in its grave difficulty, of its own motion, and without guidance from the State, to co-operation to provide a remedy—gentlemen, I have never heard of a more striking instance of intuitive appreciation of co-operation.

The State interfered at the outset only by promoting active propaganda, in order that by such means the largest

possible number of co-operative banks might be formed in a short time. However, in April 1903 it passed a law which, in addition to facilitating the formation of banks by more favourable provisions, and exemption from taxation, decreed the creation of a central bank, which was to provide the necessary funds to advance to co-operative banks for meeting the requirements of their business, and also to exercise over them salutary control and supervision. Tolerably large powers are conferred upon the central bank under the latter head, but it ought to be pointed out that they are so applied as not in any way to interfere with the management of banks by their own members. They leave the bank entirely their own masters, because the banks are still governed by their own committees of management, in accordance with their own rules. And I may even add, as being an officer of the central bank, we are most anxious to be well rid of our supervision as early as can be managed. Our local banks are still too young and too much wanting in inherent strength to be able to stand unsupported against the enemies surrounding them. But I want it to be understood that although we hold a sceptre, it is a sceptre which we do not by any means prize, and that we are only too ready to surrender at any time into other competent hands, as soon as there are such strong enough to be able to wield it. And, generally, the object with which we exercise our powers is educational. It is quite true that among the 1,580 co-operative agricultural banks which exist at present there is one which has a capital of 600,000 francs, and there are several with capitals ranging from 15,000 up to 200,000 francs. But the majority of such banks are small. Their capital rarely exceeds some thousands of francs, and they are weak. They still want to be advised, their officers want to be trained, they want to be taught bookkeeping by double entry, their co-operative spirit wants to be stimulated. To supply these wants the State has during the past two years grudged no sacrifice. We have organised conferences for discussion in all our towns, we have prepared special sets of account books, we have issued pamphlets giving instruction, and in the past winter we convoked a great Congress to Focsani, which was attended by very nearly a thousand delegates. Moreover, we issue a bimensuel bulletin, which may be said to be the official organ of the movement.

However, do not believe that I want simply to blow the trumpet of my own institution. We are quite aware of the difficulties attending our work, and we know that they are numerous. We know that the first requirement for any

bank, if it is to maintain itself and to progress, is a good dependable staff. Well, the great drawback to our co-operative banking in Roumania in the present day is, that there are people at the head of our local co-operative banks who have other work to do, that is, priests and local mayors, and above all, schoolmasters, who have only little time to give up to the discharge of their banking duties. It will require considerable efforts to secure a good, competent staff for our banks. Another serious hindrance is this, that, all the petty rivalries and intrigues of a village population become reflected in our little banks. It will require a long-continued effort to overcome this difficulty. Then there is the persistent, interested hostility of the usurers to contend against, who see their own power attacked and apprehend its decay. They miss no opportunity of damaging the co-operative banks. They spread abroad infamous calumnies and engage in all sorts of intrigues. Once more, there is a difficulty to surmount which is perhaps the greatest of all. The managers of banks, the committeemen, may know what co-operation means, they may inspire themselves with the true co-operative spirit, they may bring themselves to understand solidarity and co-operative morality; however the small peasantry who carry their savings to the bank still often fail altogether to understand the true character of the institution. They have to be taught what it is, and that is a work which requires much time and pains. When this Congress asks me the question appearing in the questions sheet: "What is the cause of present backwardness, and what is its remedy?" so far as my country is concerned I have but two simple answers to give: the cause of the backwardness of our country is the history of its development, and the chief remedy is time. If you will bear in mind that only sixty years ago Roumania was still only a geographical expression, that there were in its place two provinces, not united, and that it is scarcely twenty-five years since we conquered our independence on the battlefield, and became a nation, if you will furthermore remember that our country finds itself placed as a weak power between the Ottoman Empire, whose ambition it was to conquer the west, and another great power perpetually cherishing the dream of advancing across our territory to conquer Constantinople, if you will consider what have been for centuries past the causes of perpetual unrest and disturbance, changes and upheavals in the East, you cannot be surprised when you find that in Roumania co-operation has not developed as it has in France, in England, in Germany, or in Italy, in all those

countries which have the good fortune to have centuries of civilisation and economic organisation to look back upon.

And it is just because for centuries we have been left without economic organisation that we now find ourselves attacked by a veritable fever for co-operation. Everywhere people want to start co-operative societies, and above all things all the world is eager to raise up prosperity in agricultural districts by means of co-operative banks. And our co-operative banks are to do everything! They are to promote common cultivation, in order to sell cereals and vegetables in common, to preserve plums in common and produce wine and "tuica" in common, to rent land in common, purchase large estates, &c. When ambitious schemes of this sort run riot in men's minds in this fashion, it is for the State to interfere in order, not to encourage, but to restrain. We do not by any means disapprove of distributive or productive enterprises. But we know that our co-operative banks are at the present time not yet sufficiently strong to undertake all this work, any work, in fact, beyond their own banking. Our aim, our object, is to have co-operative societies formed by the side of the banks, and all around them, for production and distribution, which, if they want money, will have the banks to go to for assistance, but which must be kept entirely independent of the banks, quite distinct organisations. And we are endeavouring to make the co-operative banks which we have in our villages the centres of other co-operative enterprise. For the moment we have nothing to tell of in this way that has been actually attempted except a few experimental grain-storage societies and some co-operative farms. The latter are very interesting. Whole villages combine to provide the common capital, rent a farm, and cultivate it in common, sharing all the expenses and sharing also the profits, and by this means managing to keep out the middleman, that is, the farmer.

Looking at all this, we are fully aware that here we have before us a very wide field to cultivate, and that objects so numerous and so varied cannot be attained otherwise than by slow degrees, with caution presiding over effort. We struggle on with all the greater energy, being all the more ready to make sacrifices in this cause, because we are certain that co-operation, which is accepted as a necessary solution of great economic problems in countries of ancient civilisation, is even less to be dispensed with in Roumania. In truth, thrown into the whirl of civilisation and of economic struggles, Roumania, if she is to maintain herself, and to resist danger and gather strength, stands in need of uniting all her forces,

of cultivating all her energies, in order to make sure of her well-being by adopting not merely the form, but also the spirit of co-operation. I conclude, gentlemen, with the hope that in no quarter are the modest, but vigorous and persistent efforts made by Roumania more likely to be appreciated and understood than among those who, like you, have carried the banner of co-operation triumphantly across the world. (The paper was received with repeated applause.)

(For reports from various countries see pp. 404 to 439.)

Mr H. W. WOLFF: The Central Committee has approved the following resolution in connection with the fourth question upon which M. Duca has just delivered so very interesting an opening paper:—

“This Congress, holding that it is desirable in the interest of the general extension of co-operation that stock should be taken periodically of the condition of co-operative organisations in backward countries, so as to enable the stronger countries to afford support to the weaker, invites well-wishers to co-operation in such countries to place themselves in communication with the International Co-operative Alliance, and to report to it from time to time in respect of their particular country or district.”

Does any one wish to speak to the question?

M. PARINI (Italy): Please allow me after the example of my colleague, M. Dalai, to address you in Italian. I shall be much better able to express myself. And since Italian is the language of poetry, permit me to express a wish which has something of poetry in it. We have yesterday heard the question of self-help *versus* State help in the matter of co-operation very fully discussed, and more specifically the delegates from England, France, and Germany, all of them countries in which co-operation has grown great and powerful, have insisted very strongly on the principle that self-help is the sole sound foundation for co-operation to be built up upon. That cannot, I should say, imply that the countries in which co-operation has grown powerful and wealthy are to stand unsympathetically by while their smaller and poorer neighbours struggle unsupported with the difficulties of incipient co-operation, leaving them to bare self-help alone. I beg to move the following resolution:—

“This Congress expresses the wish that the co-operative organisations of the countries which stand at the head of the co-operative movement may be led by a feeling of solidarity to come to the assistance of the countries still backward in the movement in such manner as thereby to substitute for the assistance, which might otherwise be held

to be necessary in some of those countries from the State, the united resources of the co-operators of all the world."

Mr H. W. WOLFF: I will put the Central Committee's resolution to the vote first. (Carried without dissent.)

Next I put M. Parini's motion. (Carried in the same way.)

M. CHIOUSSE (France): I have been asked by M. de Boyve, unfortunately absent, to submit in the name of his society, "L'Abeille Nimoise," the same resolution which was carried at Manchester in 1902 in favour of peace, for re-adoption. I do not believe that it will be necessary for me to restate the arguments.

Mr H. W. WOLFF: The resolution in question is this:—

"That this sitting notes with satisfaction the resolutions passed by the Peace Congress recommending the International Peace Bureau to act in concert with co-operative societies, and on the part of the International Co-operative Alliance declares its readiness to enter into relations, as desired, with the International Peace Bureau, and to co-operate with it for the establishment of universal peace."

Do you agree to the adoption of this resolution with instructions to the Bureau Directeur to communicate the fact to the *Bureau International permanent de la Paix*? (Carried.)

The Vice-President, Count Mailáth, here took the chair.

The VICE-PRESIDENT: Gentlemen, our labours are at an end. The discussions held have been full of interest and instruction. We are proud, ladies and gentlemen, to have had the followers of the Pioneers of Rochdale among us to give us lessons in co-operation. The profundity of the propositions put forward, the earnestness with which they have been debated, the precision marking the resolutions adopted, promise to invest what we have done with enduring value. I am satisfied that the Congress will prove of great utility for the further development of co-operation. Among the members of the Congress we have had opportunities of observing so much devotion to the cause, so much knowledge, that it affords me particular pleasure to be placed in a position to acknowledge this. We have learnt much, gentlemen, more particularly from the German delegates. I might mention names, but I will forbear. I will only say that there can be no genuine co-operator who has not informed himself upon that great intellectual movement which has taken its rise in the country of work, that is, in Germany. Why, gentlemen, we find that even the classical country of co-operation, England, goes to Germany

to learn! I should regret it exceedingly if any little misunderstanding which may have occurred should lead any one to suppose that any unkind intention has prevailed. It is a mere untoward accident that no particular mention was made at the banquet of the great German Empire. Why, gentlemen, we have bidden all those whose native tongue is German, including those who have come from Austria, welcome as brothers. And I hold, ladies and gentlemen, that among co-operators of all people no difference should be made by reason of nationality. (Loud cheers.) Co-operators should in every case see in one another only comrades and brothers. (Cheers.) I have felt called upon to say these few words by a wish to obliterate as far as possible any unpleasant impression which may have been created by what has happened. There was, so I can assure you, not the remotest intention to give offence. We honour you all as genuine co-operators. We know among you of no difference of language, of creed, of opinion. The only distinction which we make is between good and bad co-operators. (Loud cheers.)

Co-operation, as its name implies, attains its desirable end by uniting the efforts of the weak, improving the foundation upon which their condition of existence is built up, and increasing their productive power. Nevertheless, whatever be the form given to co-operation, as Count Károlyi has so well put it in his opening remarks, its moral results far outweigh even its material; for co-operation is the school of solidarity, in which happily there are many found ready to sacrifice time and labour in the cause of the poor, bringing them as valuable assistance their counsel, the results of their experience, and often enough also a share in the responsibility, which is indispensable for the attainment of success. It is the school in which the labouring classes acquire a knowledge and habits of business. And we may see by this how co-operation in the classes spoken of, by means of its economic education, succeeds in implanting high moral faculties, without which it can never manage to occupy the place to which it aspires in the social system and which is its due. May nations like ours, may we Hungarians, who have been left behind in the race of co-operation, benefit by the lessons which we have been taught at this Congress, and turn to good account all that we have heard and seen at this gathering.

To endeavour to solve the problem of raising, morally and materially, the proletariat of labour, is a noble work, worthy of true democracy, in the noblest acceptance of the term—those who, placed by fate in easy circumstances, and, it may



be, justified in priding themselves upon their intellectual superiority, find their happiness and recompense in being able to live at peace with their conscience and enjoy, with the consciousness of having a right to them, the pleasures of this world. For the less of distress there remains among the poorer classes, the more genuine will be the happiness of the upper strata.

In respect of the questions touched upon by the various speakers, the Congress has adopted resolutions of general interest. The great result of this Congress will be found to consist, not only in what we have heard, seen, and observed in this hall, but also in the fact that it is to our nation, which during centuries has formed a bulwark for western civilisation against Turkish invasion, it is to Hungary, one of the countries lying farthest to the east, together with other eastern States, impelled by the same interest, that a share in the practical work done in the service of this noble cause of co-operation is due in the place of the purely negative work which we have previously been able to give.

The wish which I desire to express here is that, encouraged by the western nations, among whom co-operation is now going from strength to strength, we Hungarians, and also the delegates from other eastern countries, may, like brothers walking hand in hand, establish ourselves upon the happy settling ground of co-operation, and there produce many things good, sound, and useful, for the benefit of humanity, which results will constitute, from the point of view of social peace, the pledge of a better, a happier future.

In the name of the International Co-operative Alliance, I thank you for having responded in such large numbers to the call of the Organising Committee; I thank more in particular the co-operators from foreign countries who have brought us their knowledge and their experience. We shall retain in our hearts a grateful memory of such example of disinterested brotherly feeling to the most distant days.

Mr H. W. WOLFF: There is one last pleasant, and in our opinion necessary, duty to fulfil, which falls to my lot, as spokesman of the International Co-operative Alliance. We have, at these congresses, adopted the good British habit of thanking those by resolution to whom we find ourselves indebted for services. It is but meet that we should adopt the same course on the present occasion.

Our thanks are in foremost place due to our revered President, Count Alexander Károlyi—(loud cheers)—who has, in his various addresses, revealed to you, gentlemen, a character which you cannot fail, upon knowing it, to honour

and respect. We knew before we came that Count Károlyi was an ardent co-operator, a friend to the poor, one who bestows his time and energies and substance freely upon the good cause of helping the poor to help themselves. We have now been afforded an insight into his character, and we know what noble sentiments move him and are the cause of all his beneficence. We have to thank him also for much kindness and hospitality, and many considerate attentions. We hope that he may be long spared to carry further the noble work which he is doing, and I venture to affirm that there is no one who has met him here who will not carry away with him, not only a grateful, but an affectionate and loving recollection of our Chairman. (Renewed cheering and cries of *Etyen.*)

We have also to thank our distinguished Vice-President, Count Joseph Mailáth—(cheers)—who has supported Count Károlyi through the troubled but fruitful period of our discussions, who has likewise shown himself to be a devoted, zealous, self-sacrificing co-operator, and friend to those whom we desire to benefit, from the purest and best of motives. (Renewed cheers.) His admirable sketch of the history of co-operation in Hungary must have taught you all not only many instructive facts, but also what human powers there are to push co-operation forward and battle with poverty and backwardness.

We have furthermore to thank the Royal Agricultural Society of Hungary for the use of its building, which is so remarkably suitable for our purpose, and the Hungarian co-operators for their princely hospitality on the Margaret Island. We have to thank Dr Horváth for his incomparable services in organising and conducting our Exhibition. We have to thank the owners of the Industrial Art Museum for the loan of their building, where you will all agree that the Exhibition was admirably placed. We have to thank Dr Istvan Bernát and Madame Kolosváry for their most useful volunteer services, and Professor Yolland and Dr Arkövy for volunteering their assistance as unpaid translators.

I beg you, ladies and gentlemen, to include all these in one hearty and enthusiastic vote of thanks which will show how much we appreciate all the kindness received. (Loud continued cheering.)

Count KÁROLYI (who took the Chair once more and rose amid loud cheers): At the moment when we are about to close the Congress, allow me to thank you most heartily for the very kind sentiments towards me to which you have just given expression, and Mr Wolff, the Chairman of the International

Co-operative Alliance, for his kind words, the only fault in which was that they were too kind.

Allow me at the same time to thank you, on behalf of all my countrymen, for having come all this way to Hungary to hold your Congress here. We Hungarians are grateful to you for it. For this Congress will remain for us a most useful means of instruction, which we shall know how to turn to account. We beg you to excuse, if we at this table should not have been fully equal to our task. Once more receive our best thanks, and believe me, that the resolutions of this Congress will continue graven in our memory.

I declare the sixth Congress of the International Co-operative Alliance at an end.

Close of the sitting, at 1.20 P.M.

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### THIRD MEETING OF THE CENTRAL COMMITTEE.

Held on Thursday, 8th September, in the large hall of the Royal Agricultural Society at Budapest at 1.30 P.M.

Present:—Messrs H. W. Wolff (in the Chair), M'Innes, Maxwell, Serwy, Vivian, Barré, Héliès, Kaufmann, and Högsbro.

The following were elected officers of the Alliance:—  
Mr H. W. Wolff, Chairman; Mr M'Innes, Treasurer; and  
Mr J. C. Gray, Hon. Secretary.

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## CO-OPERATIVE ESTABLISHMENTS VISITED DURING THE CONGRESS.

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(1) *The Tailors' Co-operative Credit and Productive Society at Budapest* was formed in 1900. It is divided into two sections, one for credit and the other for production. The general head office and depôt are at Budapest, where the materials and the ready-made clothing are stored. Here the tailors are given the material for their work, which when finished is distributed from these premises. The society has a factory at Erzsébetfalva in the building of the Hungarian Public Factories Company, where together with the necessary workshops it rents also the motive power required. There are four machines at work, which are set in motion by electric power. The cloth when cut into shape is removed to the central office and there given out to the members of the society to sew. In another hired building at Erzsébetfalva the society maintains a factory for the instruction of tailors; here members are taught their trade. Some of the teachers employed were themselves trained in this factory. The Tailors' Productive Society undertakes three kinds of work, namely, in the first place, uniforms for civil servants; secondly, uniforms for the army; and in the last place, work for the private trade. In 1903 the society had 301 members holding 580 shares of the value of 29,000 K. (£1,200). The turnover in the credit office in 1903 was 29,305 K. (£1,172), and in the office at the depôt, 29,017 K. (£1,160); total, 58,322 K. (£2,332).

(2) *The Hungarian Farmers' Market Supply Association* was formed for the purpose of selling agricultural produce, especially such as cannot be stored—for instance, meat, eggs, fruit, and butter—at a good price. Such produce is either disposed of on the spot at Budapest, or else it is exported.

In 1903 the society received 16,293 consignments of goods of the collective weight of 3,492,664 kgr. (3,500 tons); these were disposed of for 1,522,379 K. (£63,432. 10s.). In the same year 6,729 boxes, containing 9,689,760 eggs, were exported. The sales included 150,000 kgr. (150 tons) of meat and 1,205,838 kgr. (1,200 tons) of fruit. In the present

year the society has a contract for supplying the line of steamers communicating between Fiume and New York.

(3) *The Central Co-operative Dairy at Budapest* was formed in 1883. Its object is to dispose of the milk delivered by its members, and to supply the inhabitants of the town with good wholesome milk and milk products. In 1903 its members delivered to it collectively 12,972,120 litres (2,863,866.4 gallons) of milk, for which it obtained, after deducting expenses, 14.74 filler per litre (nearly 7d. a gallon). Since its formation the Co-operative Dairy has disposed of in all 172 million litres of milk (nearly 38 million gallons). The Co-operative Dairy has its own premises. Members keep their cows at their own farms. There they are visited from time to time and examined on behalf of the society by veterinary surgeons, who have to satisfy themselves that the animals are sound in health and that proper cleanliness is observed.

(4) *The "Hangya" (anglicè "ant")* is the Central Co-operative Wholesale Society of the Hungarian Agricultural League. It was formed in 1898, and within six years it has succeeded in organising 450 co-operative distributive societies in various parts of the country. The Central Society controls the operations of the affiliated distributive societies, inspects their accounts several times a year, and supplies them with a great portion of the goods of which they dispose, from its depôt in Budapest.

|   |         |                         |
|---|---------|-------------------------|
| The distributive societies affiliated to the "Hangya" had in 1903 | - - - - | 64,000 members.         |
| Their share capital stood at                                      | - -     | 1,500,000 K. (£62,500)  |
| Their reserve fund at   | - -     | 260,000 K. (£11,000)    |
| Their goods in stock were valued at                               | - -     | 2,300,000 K. (£100,000) |
| Their total profits are returned at                               | - -     | 227,000 K. (£9,460)     |
| Their total sales within the year                                 |         |                         |
| amounted to   | - -     | 9,500,000 K. (£400,000) |
| The "Hangya" supplying them with                                  |         |                         |
| goods to the value of   | - -     | 4,750,000 K. (£200,000) |

The "Hangya's" objects are not only economic, viz., to supply its societies with better goods at a low price, but also ethical; for it aims at raising the character of its members, who belong in the main to the small peasantry.

5. *The Central Co-operative Credit Society* was formed in 1899 in accordance with clause 23 of the Act of 1898. It had in 1903, 1,653 credit societies affiliated to it, of which 90 per cent. were agricultural credit societies; however, the number also included 16,000 small manufacturers.

|                                      |                              |
|--------------------------------------|------------------------------|
| The total number of members was      | 336,721                      |
| The share capital paid up            | - 17,146,021 K. (£714,417)   |
| Do. not paid up                      | - 16,894,713 K. (£703,946)   |
| The reserve fund                     | - - - 2,284,738 K. (£95,197) |
| The Society held in savings deposits | 21,190,955 K. (£882,956)     |

The stock capital paid in by the affiliated societies amounted to 40,620,000 K. (£1,700,000). The central credit society not only controls the business done by the societies affiliated, but also endeavours to improve the economic education of members. It has already attained great success in improving credit. Up to last year it had formed twenty co-operative grain storage societies.

6. *The Co-operative Establishment of Monor* covers an area of 18,600 square *klafter* (nearly 80,000 square yards). It was constructed originally to serve as an export flour mill, with a bakery attached. A large space adjoins the building, forming part of the property, with space for 9,000 pigs.

The Central Credit Institute acquired the property, with the aid of the late Minister of Agriculture, Ignatius Daranyi, for co-operative purposes, when the flour mill was destroyed by fire. The building now belongs to the co-operative granary association. It has been rebuilt, and will hold 25,000 to 30,000 metric quintals of flour and grain. It is in the vicinity of the railway station, and connected with it by a siding. The society was formed in 1902; it stores and sells the grain of members, also advances money on the security of stored grain to the extent of 66 per cent. of the value. On standing crops it advances up to 30 per cent. of the value. The co-operative credit association occupies part of the building. A co-operative society for the sale of poultry, fruit, and wine, now in course of formation, is likewise to be accommodated on the premises.

## PRINCIPAL RESOLUTIONS ADOPTED AT THE CONGRESS.

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I. RULES OF THE ALLIANCE. (Congress Sitting, Tuesday, 6th September, moved by Mr H. W. Wolff, on behalf of the Central Committee.) Page 69.

“That the following clauses be substituted in the place of the present Clauses 3 and 4 of the Rules of the Alliance:—

“**CLAUSE 3.**—The International Co-operative Alliance shall be a Union composed, so far as is possible, of co-operative societies and organisations. In respect of countries in which co-operation is, in the opinion of the Bureau Directeur, still so insufficiently organised as to warrant such course, it shall be within the power of the Central Committee, or of the Bureau Directeur acting on its behalf, to elect individuals as members of the International Co-operative Alliance. Such individuals shall have the same rights as members delegated by societies, except that they shall not be entitled to vote singly at Congresses. It shall, however, be within their power to appoint one representative, to exercise the right of voting, for every ten or an excess fraction of ten members.

“**CLAUSE 4.**—The election of new members of the International Co-operative Alliance shall be by the Congress or the Central Committee, when in session, and at other times by the Bureau Directeur, after taking the opinion of all members of the Central Committee at their usual addresses. No election by the Bureau Directeur shall be valid which does not allow four weeks from the posting of the notice of an application made to the members of the Central Committee for reply. Any objection raised against a proposed election shall be at once communicated to all members of the Central Committee, and their vote shall be taken upon the application, four weeks being once more allowed from the posting of the notice for the sending in of their votes. During the last four weeks preceding a Congress it shall be lawful for the Bureau Directeur in its discretion to elect societies or individual members, as laid down in Clause 3, provisionally, subject to confirmation by the Central Committee in its first sitting during the Congress.

“An appeal from the decision by the Bureau Directeur shall lie first to the Central Committee, when in session, and from that body to the Congress.”

II. DISTRIBUTIVE SOCIETIES IN RURAL DISTRICTS. (Congress Sitting, Tuesday, 6th September, moved by Mr M'Innes.) Page 108.

"This Congress, being of opinion that distributive co-operation providing the necessities of daily life is as urgently needed in rural districts, for the promotion of thrift, education, and well-being among small cultivators and labourers, as it is in towns in the interest of industrial workmen, calls upon co-operators in all countries to contribute to the best of their power to its establishment and extension."

III. CO-OPERATION AND LEGISLATION. (Congress Sitting, Wednesday, 7th September, moved by Mr H. W. Wolff, on behalf of the Central Committee.) Page 110.

"This Congress is strongly of opinion that co-operative societies should not be in one country made subject to the jurisdiction of different authorities, but that the interest of co-operation demands that there should be one sole authority competent beyond doubt to deal with co-operative questions, like the English Registrar of Friendly Societies, to administer the law in each country, in order that the rulings given may be undoubtedly just and uniform; furthermore, that the control and supervision of co-operative societies is a matter primarily for themselves, acting through their union, or else for an authority like the one already spoken of, but should not in any case be entrusted to authorities standing outside their own movement, such as Chambers of Commerce, whose interests might clash with those of co-operative organisations, and lastly, that although in general it is a good rule that the sale of goods should be limited to members only, yet the extension of the co-operative movement and the interest of the poor, who stand in greatest need of co-operation, render it desirable that distributive societies should not be forbidden to sell their goods also to non-members, in order that, after the example so brilliantly successful set by the British co-operative societies, poor people may by such means be enabled gradually to accumulate the amount due for a share entitling them to membership."

IV. CENTRAL BANKS. (Congress Sitting, Thursday, 8th September, (a) moved by Mr H. W. Wolff.) Page 181.

"That, wherever a link is required between local co-operative banks and the general money market, Central Banks form a useful means for providing such; that they may be



made particularly valuable as means of supervision and inspection of local banks; and that where they exist it is desirable that they should study the formation of a capital of their own and proceed in all their transactions on strict business lines."

( (b) Moved by M. Barré.) Page 184.

"This Congress recommends to all distributive and productive co-operative societies the employment of co-operative in preference to private banks."

V. CO-OPERATION IN BACKWARD COUNTRIES. (Congress Sitting, Thursday, 8th September, (a) moved by Mr H. W. Wolff on behalf of the Central Committee.) Page 191.

"This Congress, holding that it is desirable in the interest of the general extension of co-operation that stock should be taken periodically of the condition of co-operative organisations in backward countries, so as to enable the stronger countries to afford support to the weaker, invites well-wishers to co-operation in such countries to place themselves in communication with the International Co-operative Alliance, and to report to it from time to time in respect of their particular country or district."

( (b) Moved by M. Parini.) Page 191.

"This Congress expresses the wish that the co-operative organisations of the countries which stand at the head of the co-operative movement may be led by a feeling of solidarity to come to the assistance of the countries still backward in the movement in such manner as thereby to substitute for the assistance, which might otherwise be held to be necessary in some of those countries from the State, the united resources of the co-operators of all the world."

VI. CO-OPERATORS AND PEACE. (Congress Sitting, Thursday, 8th September, moved by M. Chiousse, on behalf of M. de Boyve.) Page 192.

"That this sitting notes with satisfaction the resolutions passed by the Peace Congress recommending the International Peace Bureau to act in concert with co-operative societies, and on the part of the International Co-operative Alliance declares its readiness to enter into relations, as desired, with the International Peace Bureau, and to co-operate with it for the establishment of universal peace."

# CONGRESS PAPERS AND REPORTS.

## (A.) Co-operation in Rural and Semi-Rural Districts.

### I. SWITZERLAND.

*Communicated by Dr HANS MÜLLER, General Secretary of the Union of Swiss Distributive Societies.*

#### GROWTH OF THE UNION OF AGRICULTURAL CO-OPERATIVE SOCIETIES OF EASTERN SWITZERLAND, 1891-1903.\*

| Year. | Number of Affiliated Societies. | Total Number of Members. | Working Capital of the Union. | Reserve Fund of the Union. | Trade of the Union. | Value of Stock. | Expenses of Management per cent. of Trade. |
|-------|---------------------------------|--------------------------|-------------------------------|----------------------------|---------------------|-----------------|--|
|       |                                 |                          | Fr.                           | Fr.                        | Fr.                 | Fr.             |  |
| 1891  | 54                              | abt. 3000                | —                             | —                          | —                   | —               | —  |
| 1892  | 67                              | „ 4522                   | 57,973                        | —                          | 1,172,993           | 32,000          | ?  |
| 1893  | 79                              | „ 5462                   | 127,570                       | 8,160                      | 1,492,515           | 139,800         | 2  |
| 1894  | 91                              | „ 6120                   | 180,021                       | 14,000                     | 1,859,763           | 206,461         | 1·8  |
| 1895  | 102                             | 6900                     | 276,296                       | 21,000                     | 2,342,116           | 287,363         | 1·9  |
| 1896  | 109                             | 7320                     | 402,482                       | 30,000                     | 2,731,536           | 268,409         | 2·1  |
| 1897  | 119                             | 8210                     | 525,309                       | 40,000                     | 3,185,415           | 285,906         | 1·9  |
| 1898  | 120                             | 8300                     | 725,305                       | 50,000                     | 3,756,648           | 430,986         | 2·04                                       |
| 1899  | ?                               | ?                        | 1,072,641                     | 60,000                     | 3,565,682           | 607,347         | 2·7  |
| 1900  | 124                             | abt. 9000                | 1,176,642                     | 70,000                     | 3,649,730           | 685,609         | 3·0  |
| 1901  | 123                             | ?                        | 1,073,548                     | 81,000                     | 3,303,901           | 618,036         | 2·0  |
| 1902  | 125                             | 8776                     | 1,156,883                     | 90,000                     | 3,773,878           | 716,154         | 2·2  |
| 1903  | 126                             | 8833                     | 1,304,437                     | 100,000                    | 4,099,314           | 847,632         | 2·05                                       |

\* No precise figures are available for the period from 1887-1890.

## II. GREAT BRITAIN.

By D. M'INNES, *Member of the Central Board of the Co-operative Union of Great Britain.*

THOUGH the chief subject of this paper is the introduction of co-operation into rural and semi-rural districts, for the sake of clearness it is necessary at the outset to devote some space to the general principles and study of distributive co-operation. My paper falls therefore into three simple divisions. First, a brief account is given of the constitution, methods of working, and advantages of the distributive societies in which the movement, as a great economic force, had its origin. It is then shown how, after a time, there grew up from these previously loosely compacted bodies the great central organisation known as the Co-operative Wholesale Society, with which, since its formation, the prosperity of the industrial societies has been so intimately bound up. And, lastly, we come to the proper subject of this paper—the extension of co-operation to rural districts, and the methods by which the immense blessings co-operation has conferred on industrial communities may in some measure be extended to the rural population. As the paper proceeds it will be seen that its three portions deal successively, briefly, and simply with three phases of co-operative development. Immense as are its present activities, the movement has in its growth been, from the beginning until now, a remarkably simple exemplification of the wisdom of taking no second great step until the success of the first is tested and proved beyond doubt. There has been throughout, and there is still going on all over the country, a multiplication of distributive co-operative units on the model of the Rochdale Society. The mere increase in the units did not imply any increase in organic complexity; the growth was what biologists call vegetative growth, each new organisation or member being merely a duplicate of its predecessors, having the same structure and performing the same functions. An immense step was made in 1864 when these units, hitherto only held together by common interests and common principles, united to form the Wholesale Society, which has given to the previously unorganised co-operative mass direction, co-ordination, and an almost undreamed-of expansion. So much for these two stages. It will be seen that a third step, potent for good, it is to be hoped, for the agricultural classes, is being taken, tentatively and with circumspection, by some of the larger and more enterprising of the societies. Active and prosperous in their own industrial centres, these societies, by methods

presently to be explained, are establishing distributive branches in the rural districts surrounding them, these branches being affiliated to them as they themselves are affiliated to the Wholesale Society. What further developments from these the future has in store, no one can say ; it is sufficient to note here that, so far, it promises to bring to the rural population among whom it has been introduced that higher and more independent life of which they stand sorely in need. With these words of outline and introduction we pass now to the main body of the paper.

Since co-operation began at Rochdale, a revolution as great as the industrial revolution has taken place in men's minds, and in their ways of looking at things and at life in its various forms. Although the Rochdale Pioneers did not and could not possibly foresee what was going to happen in the sixty years that were to come after them, they laid down principles which contained within themselves the germ of all the good that has come since. Their whole policy, but most markedly the provision they made for the education of their members, indicated how fully they realised that economic reforms unaccompanied by moral change are always liable to ultimate failure. The distributive co-operative movement which they originated, transmitting as it does the impress of its founders from society to society, has acted ever since as a missionary agency for thrift, temperance, and independence. It has assisted the State by imparting to the masses of the people a useful training in the principles of self-government ; and, on the other hand, has enabled the people themselves to obtain a tangible stake and interest in the commonwealth. And co-operation has accomplished and is accomplishing this without disturbing society, without laying hands on what belongs to others, but simply by the exercise of manly independence and honest forethought.

Beginning in a manufacturing centre, the movement has grown quickest where working men are well known to and mix most with each other ; where, in other words, the facilities for meeting and intercourse are greatest. Pressing forward from Rochdale, co-operation had within a generation gained a firm foothold among the working classes of the northern manufacturing towns and mining centres in Great Britain. In each place the first co-operators were working men socially all at about the same level, and naturally the most thoughtful of their class. Amid much that was obscure to them, one point stood out in emphatic clearness. Observation and experience had taught them that at the shops of small traders they had to pay prices unduly high to make up for losses to the

shopkeepers caused by people who did not pay at all. Witnessing the wretchedness of workfellows heavily in debt without hope of release, they determined that at the store all their trade should be transacted for ready money; and on this bed-rock of cash trading the British co-operative movement has been built up. Any departures from it, however well meant they may be, are hazardous. To establish such a store or society it is necessary that the capital should average twenty-five shillings for each member. Groceries and provisions are the goods dealt in at first, but as a society gradually gains capital and increases in membership its trading operations are extended, until they comprise every requirement needed in a household. Trading at their own store and paying cash, the co-operators spend their wages to the best advantage. The prices of goods sold at the store are the same as those charged by private dealers. At the end of each quarter the stocks are appraised and the accounts balanced; interest on capital at 5 per cent. and all other working expenses are paid, and what profit remains is then shared among the members of the society as dividend on the total amount of their purchases. The dividends can be withdrawn for recurring needs, or left in the society to accumulate as capital up to £200 per member, the maximum holding allowed by law. The Rochdale Society began business with a capital of £28 subscribed at the rate of two or three pence per week. At the end of 1903 the capital of the co-operative societies in the United Kingdom amounted to £27,097,278. Most of this has been built up from profits, that is, dividend on purchases, and the rest from small savings. As the stores sell for ready money, they are able to buy their trade stocks for cash, in the most economical fashion. The members obtain goods pure and unadulterated, they share the trade profits, and there is no incentive to fraud or dishonesty. From the foregoing it will be seen that distribution of goods produces a sound and fertile trunk from which other forms of co-operation in time branch out as perfectly natural growths. As was pointed out in the introduction, the most potential outgrowth of the distributive movement in England was the creation of the Co-operative Wholesale Society by the retail societies in 1864.

This society's membership is confined solely to co-operative societies; it has no individual members. Its purpose is to dispense with all unnecessary intermediaries between the producers of goods and the users or consumers, so as to cheapen the cost of living. It purchases supplies either direct from the producers or importers, or manufactures its

own. Just as in the retail societies each member, male or female, has a voice and a vote at the business meetings, and in the election of a managing committee and auditors, so also in the Wholesale Co-operative Society each society in membership has a vote in proportion to its magnitude for the directors and auditors, and is represented by delegates who together constitute the Wholesale's quarterly business meetings. These meetings are held at its three chief centres, and in various places within each of the three districts into which, for business purposes, the country is divided.

Beginning in 1864, the trade of the Co-operative Wholesale Society for 1865, its first complete year, was £120,754, and its capital was £7,182. At the end of 1903 the capital had grown to £3,737,548, and the trade for the year was £19,333,142. It transacted with the societies in membership a banking business of £89,000,000 during the year. Steadily growing and extending its operations ever since its establishment, it now possesses manufactories for boots and shoes, clothing, soap, preserved fruit and vegetables, tobacco, cigars, snuff, butter, biscuits, confections, cloth, brushes, flour, starch, and lard. It has established large printing, binding, and box-making works; possesses a fleet of steamers trading from four ports in England to France and Germany; has a bacon factory in Ireland and another in Denmark; and buying depots in America, Canada, Australia, Germany, Denmark, and Scandinavia. Tea gardens in Ceylon, and a cocoa and chocolate works in England, it holds and works jointly with the Scottish Co-operative Wholesale Society, an organisation occupying the same position to the retail co-operative societies in Scotland as the Co-operative Wholesale Society does to those in England.

Retail societies are admitted to membership in the Wholesale Society on easy and simple terms. A small entrance subscription, which goes towards shares proportionate to the number of their membership, is paid, and whatever accrues to the societies as dividend on their wholesale purchases is allowed to accumulate as share capital. No retail society is refused membership unless it overlaps a society already in membership. In all the retail societies the bulk of the capital is withdrawable; the proportion varies in different societies, and is prescribed by rule. In the Wholesale Society, should a shareholding society have accumulated as many shares as it falls to hold under the Wholesale's rules, it has the option of withdrawing its dividends and interest when due, or of allowing them to remain and accumulate as loan capital, but at a lower rate of

interest, namely,  $3\frac{1}{2}$  per cent., than that allowed on the shares, which are transferable, and receive interest at the rate of 5 per cent.

This brief account of the co-operative movement, in its retail and wholesale aspects, shows that, beginning among the factory population, practically without capital in the ordinary sense of the word, it has grown to its present dimensions absolutely out of working class trading. In other words, the custom of the masses has created for them a magnificent possession of capital, which is being administered in trading and manufacturing enterprises by and for the people through their own democratically elected representatives. No one who is willing to pay his or her way is shut out from membership of a workmen's co-operative store. The entrance fee being a shilling only, or less, places membership within the reach of all. Thousands starting their membership with this small sum have, out of dividends on their purchases, been able to make a modest provision for old age; and in manufacturing towns and villages the profits withdrawn from societies have also been largely used by members to provide themselves with dwelling-houses to live in, or, in some cases, to furnish capital for the establishment of co-operative producing societies for corn milling, for making boots, hosiery, clothing and cloth, &c.

Having thus seen what co-operation has accomplished in industrial centres, let us now turn to the history of the movement among the rural population. Within thirty years after the Rochdale Society was started, co-operation had been adopted in most of the manufacturing and mining centres of the North of England, but in those parts of the country that are wholly or partly agricultural the movement has been slow in gaining a foothold. The main reasons for this are to be found in the different conditions of life. The founders of co-operation derived their inspiration from the wants of the labouring masses by whom they were surrounded. Their followers, knowing each other's minds, sharing each other's thoughts, using, improving, developing the organisations fashioned by their predecessors, took their inspiration from the same source; therefore they achieved their purpose. But the mind of the agricultural worker is slower moving than that of the town worker. The peasant spirit is secretive and watchful, and its possessor has not in as great a degree as the townsman the faculty of language for unburdening and diffusing his thoughts, nor has he so many facilities for meeting and intercourse with his fellow-workers. The nature of his work as well as the method of living tend to make him

an individualist to the very marrow, with less disposition than any class to work for the common welfare while working for his own. Varying with the seasons, his hours of labour are often prolonged from sunrise till gloaming. If he breed and fatten stock as well as till land, few hours are ever wholly his own. He sleeps dreaming of danger in parturitions imminent among his animals that may cause their loss. Daily and nightly he is haunted by fears for his crops. A single storm may cause the loss of a whole season's work, or murrain may decimate his stock. He is never free from work or free from care. And in his household the meals taken in common with his family, the common pursuit, the self-contained home, the blood-bond of kinship are salient factors which must be taken into account when introducing co-operation in any form to him and his class. Artisans, factory hands, miners, and others working fixed hours, are at liberty to take up committee and other administrative work of a co-operative society in the evenings, and are able even to be absent from their employment on odd days. But it is not so with the agricultural workers of any grade, whether they be small tenant farmers, cottagers, or day labourers. Moreover, they are actuated less by sentiment. If they co-operate, it is certainly not, in the first instance at any rate, from a belief in any abstract theory of economic evolution towards higher social conditions, but solely because they hope to obtain individual benefit. This feeling of course exists everywhere, but it is present in much greater degree among the agricultural class than any other. In introducing co-operation to them, one has to contend not only with the sluggishness of ignorance and the apathy of despair, but with the suspicion of being actuated by a desire to overreach them in order to obtain some object which does not appear on the surface. The small farmer is either too supine, too suspicious, or too independent to co-operate on his own initiative. One cause of this may be that from their ranks, as well as from the ranks of the agricultural labourers, the young and buoyant life is constantly flowing away to the colonies or into town industries, leaving behind only the middle-aged and the old. But while country workers have not been much used to working together, either for employers or for any set purpose of their own, outside of and apart from their daily employment, there is within them as a class an element which greatly compensates for the want of this initiatory training for associated enterprise—they have an ardent desire to better their condition by any honest means, and willingness to work hard for it. It is this, much more than



the attractiveness of town life, that drives them to seek employment in large towns or to emigrate to the colonies.

Among the English agricultural class, comprising small farmers, cottagers, and labourers, two kinds of co-operative propaganda have been tried. The first failed; the second has succeeded, but its progress has been slow. The Labourers' League movement of thirty-eight years ago was the first effort, and it became for a few years very powerful in the eastern counties of England among cottagers and agricultural day-wage workers. It was a curious compound of trade unionism and co-operation, distributive and productive. The labourers were led by the promoters to believe that the establishment of a co-operative store must follow the opening of a branch of the League, and that from subscriptions and from the profits of trading the outgrowth from both combined would speedily be farms worked co-operatively all over the agricultural counties. Although no such gourd-like growth was possible, fervid pioneers went from village to village preaching it as gospel, establishing branches of the League, opening co-operative stores, renting or buying land. Some of the stores were registered; some, while doing a large business, never got so far as that. In one of the latter, known to the writer, the savings of a lifetime of hard toil were invested by a number of poor thrifty men, dividends were declared, although practically no accounts were kept. The treasurer, a League official, took in contributions to shares and paid out withdrawals from his trousers' pocket wherever he might be when a member applied to him. This patriarchal procedure was varied by another of the officials, an office-bearer also of the League, taking an occasional trip to Canada in charge of a party of emigrating labourers, and pocketing a commission on them from interested parties on the other side. One of these stores, while drifting steadily to ruin from similar lack of management, established branches in four distant villages, placing each in charge of incompetent men—farm labourers, collectors for the League. Of the household management of these it was said that the "bread was buttered on both sides, and ham and eggs was always frying on the fire." Confidence began to be shaken, and ruin speedily followed. The stores failed; the members lost every penny of their capital; the branches of the League were closed, and its agents and collectors were discredited. The predicted labour millennium proved but a mirage in an industrial desert, and while a whole countryside was strewn with the wrecks of co-operative societies, the bits of land fell either into the hands of the most astute of the collectors, or were disposed of to the

highest bidders. Knowledge of these consequences of misplaced confidence in misguided enthusiasts, while it chilled the desire to establish small independent co-operative societies in purely agricultural districts, undoubtedly paved the way for the introduction of co-operative trading in another form and by other hands.

The Lincoln Society was the first to take up practical propaganda work among the agricultural class, and its lead, after the lapse of several years, has been followed by the Peterborough and Grimsby Societies. But it should be stated that the total proportion of purely agricultural workers is much greater among the Lincoln branches than in those of the other two societies, where railway men in some of the branches predominate, and in others form a considerable minority. Complete statistics of each society's operations are given in an appendix. The establishment of branches in agricultural villages was begun by the Lincoln Society at Welbourn in 1878, after meetings had been held at the request of the labouring and cottager class in two centres of the district comprising three villages. The society now has ten of these branches. The initiatory course invariably taken to establish them is as follows:—When a desire for information about co-operation is manifested in any country place and a communication is made to the society, a public meeting is held and members are enrolled, provided a sufficient number will join to warrant a van delivery of goods being started. Little or no capital is forthcoming, but as trade increases up to about £30 per week, and capital accumulates from dividends, a branch store is opened, and from it as a centre larger van rounds are taken until another branch is established, and from it again a fresh district is worked. At any of these branches the members, if they desire it, are encouraged to elect from among themselves a supervising committee. Those of the local committeemen at one branch who show zeal, aptitude, and willingness are taken to address meetings to bring members in at the establishment of the next, and so on. No outside aid has ever been called in to assist in propaganda work, and no one who has been engaged in it has ever asked for or received any remuneration for his services. Knowledge of this, by those among whom the work has been carried on, has undoubtedly done much to promote its success. Business meetings are held quarterly at branches where they are applied for, and, considering the sparse population, are very fairly attended, fifteen being required to form a quorum. The same agenda of business is gone through as at the quar-

terly business meetings at Lincoln, and votes given are as valid under the society's rules as if given at the central meeting.

The results of this co-operative propaganda that can be shown in figures are ten branches, with a total membership of 3,236, who hold capital amounting to £21,770. They withdrew from the society in 1903 the sum of £8,412, and deposited in its funds £1,295; and this is a fair reflex of what goes on year after year. Using the society thus as a bank from which they are at liberty to take their withdrawable capital, is regarded by the agricultural class as being one of the greatest advantages arising from co-operation, as the money thus obtained from trading gradually converts all the day-labourers who have access to land into small producers on their own account, and enables cottagers and farmers to buy stock with their own money instead of borrowing from a bank at a high rate of interest. Borrowing working capital and taking up money on mortgage, especially where farm holdings are charged with burdens for the benefit of widows and younger children, contributes more than anything besides to make the position of small holders one of lifelong drudgery and hopeless, helpless indebtedness. But when a co-operative society advances money on mortgage to its members the case is different, for repayments of principal and interest can be made monthly either in money or in kind, and as there are quarterly balancings of accounts the amount payable as interest is always being lessened.

Goods to the value of £7,871 yearly are exchanged by the society for butter, eggs, fruit, and vegetables, at current market rates; and the society provides within itself for country members a market for pigs, potatoes, hay, and orchard produce, of which as many as choose to do so can avail themselves.

Stated briefly, the agricultural class in one county simply through the action of one town society have obtained—(1) Shops in which they are co-partners, where all goods are sold at town prices instead of the higher prices which formerly prevailed; (2) possession of £21,770 of capital which has come to them as dividends on the goods they have purchased at their stores; (3) a market at their own doors for a portion of their own produce, thus saving market tolls and railway rates; (4) a bank, which in addition to receiving their deposits of small savings, grants them advances from withdrawable capital for their recurring needs; (5) a source whence money can be borrowed on mortgage at fair interest and on easy terms of repayment; and (6) constant contact and interchange of ideas with town workers.

From what has been said it will be seen that the principle of cash trading, so strongly insisted on throughout the growth and development of the co-operative movement, has had, in the rural districts we have been discussing, to be applied with less rigour, to enable co-operation to be introduced among them with any hope of success. This arises from difference of economic conditions. In industrial centres, where wages are received weekly, goods can be paid for at the time they are bought. In rural and semi-rural districts wages are lower than in any industry, some workers are paid partly in money and partly in kind, some are partly wage earners and partly small producers, and some have enough land to keep themselves and their families wholly employed, gaining their whole living from it by selling what it produces. It is obvious, therefore, that to introduce co-operation to these workers and to make it financially successful, so as to meet the wants of their lives, is a task beset with difficulties, and to insist on the principle of ready money trading enunciated by the Rochdale Pioneers would be to render its introduction an impossibility. The weak point in the system is, of course, its liability to develop unnecessary or unsound credit. This may occur in several ways. For instance, if the disposable produce of a member be in any one week less in value than the amount of goods he may require for his household consumption, the difference is not always paid in cash. Similarly, should the store van receive from a member more produce than the value of the goods supplied from it amounts to, in some cases the balance will be carried forward, in others the Society will pay it over in cash, and in others again an increased order will be given by the member for goods to be delivered on the next journey.

Owing to the primitive conditions of living, which make it next to impossible for men to do the committee work necessary to establish and successfully work small independent societies of their own, the foregoing method of co-operative trading is in thinly peopled districts the only one workable, and the modified kind of credit, given as it is mainly upon no other security than a poor but deserving member's reputation, has, notwithstanding its risks, produced and is producing excellent moral and material results. Contrasted with the League movement, which grew rapidly and practically died out within fifteen years of its inception, resulting in nothing but disaster, the later movement, growing more slowly, has justified itself step by step, and gained adherents yearly during the last twenty-six years; and it is now being extended by at least a dozen town societies situated in agricultural

districts. And this is as it should be, for if co-operation has lightened any of the burdens of our lives, if it has widened our views and made us fight life's battle with a stouter heart and a higher purpose and aspiration, it is clearly our duty to extend to others that which we have found so helpful. By doing so, moreover, we shall gain strength ourselves, for so long as we have within us the missionary spirit impelling us onward, so long will the power and the capacity to succeed exist among us. The progress of the co-operative movement is the most striking evidence of this, for it has grown to its present dimensions by the self-sacrificing labours of thousands of humble men who are now numbered among the nameless dead.

### LINCOLN CO-OPERATIVE SOCIETY LIMITED.

#### *Country Branch Statistics.*

| Name of Place. | Distance from Lincoln. | Date Estab-lished. | Present Mem-bership. | Sales for 1908. | Net Profit for 1908. | Capital held by Local Mem-bers. | Present Value of Lands, Build-ings, &c. | Amount Ad-vanced on Mortgage to Members. | Amount Re-paid to end of 1908. |
|----------------|------------------------|--------------------|----------------------|-----------------|----------------------|---------------------------------|---|--|--------------------------------|
|                | Mls.                   |                    |                      | £               | £                    | £                               | £                                       | £  | £                              |
| Welbourn . .   | 13                     | 1878               | 497                  | 11,224          | 914                  | 3,802                           | 2,907                                   | 1,503                                    | 377                            |
| Metheringham   | 10                     | 1881               | 363                  | 8,417           | 495                  | 2,904                           | 2,011                                   | 230                                      | 230                            |
| Saxilby . .    | 6                      | 1883               | 313                  | 5,139           | 324                  | 1,821                           | 954                                     | 265                                      | 265                            |
| Bardney . .    | 9                      | 1886               | 293                  | 5,185           | 212                  | 1,691                           | 1,947                                   | ...                                      | ...                            |
| Horncastle . . | 23                     | 1887               | 396                  | 8,300           | 653                  | 3,403                           | 3,474                                   | 769                                      | 108                            |
| Sleaford . .   | 18                     | 1887               | 625                  | 13,052          | 1,065                | 4,600                           | 4,345                                   | 60                                       | 60                             |
| Market Rasen   | 15                     | 1892               | 351                  | 5,313           | 342                  | 1,263                           | 4,387                                   | 780                                      | 459                            |
| Bassingham . . | 6                      | 1892               | 177                  | 3,856           | 205                  | 903                             | 1,501                                   | ...                                      | ...                            |
| Reepham . .    | 4                      | 1893               | 185                  | 3,912           | 246                  | 1,021                           | 2,336                                   | 75                                       | 75                             |
| Hackthorn . .  | 7                      | 1900               | 36                   | 1,078           | 60                   | 362                             | Rented                                  | ...                                      | ...                            |
| ...            | ...                    | ...                | 3,236                | 65,476          | 4,516                | 21,770                          | 23,862                                  | 3,682                                    | 1,574                          |

### PETERBOROUGH CO-OPERATIVE SOCIETY.

#### *Country Branch Statistics.*

| Name of Place. | Distance from Peterborough. | Date Estab-lished. | Present Mem-bership. | Sales for 1908. | Net Profit for 1908. | Capital held by Local Members. | Present Value of Lands, Build-ings, &c. | Amount Ad-vanced on Mortgage to Members. | Amount Repaid to end of 1908. |
|----------------|-----------------------------|--------------------|----------------------|-----------------|----------------------|--------------------------------|---|--|-------------------------------|
|                | Mls.                        |                    |                      | £               | £                    | £                              | £                                       | £  | £                             |
| March . .      | 14                          | 1886               | 908                  | 21,535          | 3,150                | 9,645                          | 5,650                                   | ...                                      | ...                           |
| Whittlesea . . | 7                           | 1897               | 438                  | 8,914           | 698                  | 3,551                          | 2,700                                   | ...                                      | ...                           |
| Stamford . .   | 12                          | 1900               | 524                  | 7,759           | 828                  | 2,588                          | 606                                     | 200                                      | 1                             |
| Bourne . .     | 16                          | 1903               | 117                  | 1,493           | 132                  | 285                            | Rented.                                 | ...                                      | ...                           |
| ...            | ...                         | ...                | 1,987                | 39,701          | 4,808                | 16,089                         | 8,956                                   | 200                                      | 1                             |

## GRIMSBY SOCIETY.

*Country Branch Statistics.*

| Name of Place. | Distance from Grimsby. | Date Estab-<br>lished. | Present Mem-<br>bership. | Sales for 1908. | Net Profit for 1908. | Capital held by Local Mem-<br>bers. | Present Value of Lands, Build-<br>ings, &c. | Amount Ad-<br>vanced on Mortgage to Members. | Amount Repaid to end of 1908. |
|----------------|------------------------|------------------------|--------------------------|-----------------|----------------------|-------------------------------------|---|--|-------------------------------|
| Barnethby -    | Mls. 16                | 1901                   | 168                      | £ 3,458         | £ 230                | £ 1,085                             | £ 578                                       | ...  | ...                           |
| New Holland -  | 21                     | 1901                   | 99                       | 1,741           | 109                  | 348                                 | Rented.                                     | ...  | ...                           |
| ...            | ...                    | ...                    | 267                      | 5,199           | 339                  | 1,433                               | 578   | ...  | ...                           |

## III. DENMARK.

By SEVERIN JÖRGENSEN, *Chairman of the Union of Danish Distributive Societies.*

DENMARK may well serve as an example for the formation of distributive societies in rural districts, because most of its distributive societies, generally flourishing as they are, are situated in rural localities. Somehow, until quite recently, distributive stores have scarcely been able to maintain themselves in towns, although they have been tried in about half the number of the towns existing. In 1892 out of more than 200 societies there were only five left in towns, viz., at Copenhagen, Thisted, Randers, Horsens, and Nykøbing in Falster. Town societies are doing better now. Nevertheless, of between 1,000 and 1,100 societies existing, the overwhelming majority are in villages, and only 15 in provincial towns.

One reason why distributive co-operation has prospered in the country and languished in towns is, that Denmark is not, like England and Germany, an industrial and commercial country. Independence of the trader is not there to be found in the towns, among a large mass of factory workers, but in the country, where agriculture maintains the small peasantry in comparative freedom. Working folk in towns are to a great extent tied to the shop. Also, no doubt, trade was not at the outset quite so corrupt and dishonest in the towns as it was in the country. Another reason, worth taking into account, is, that education is more advanced and more perfect

in country districts than in towns. Danish experience very clearly teaches that you cannot practise co-operation satisfactorily without education, and that accordingly the best pioneer of co-operation is the schoolmaster. The early distributive stores in towns were badly organised, badly administered, badly officered, badly kept. In the country districts the excellent popular continuation schools, formed originally by the famous Danish poet and author, Bishop N. F. S. Grundtvig, and the very useful school farms, led to a different result. They may be said to have worked positive wonders in diffusing education among the rural population, directing their minds to higher ideals and giving fuller scope to development of heart and soul than the popular education practised in towns. It is satisfactory to observe that owing to a growing immigration from country to towns, which is in progress in Denmark as elsewhere, these more elevated principles are now gradually becoming acclimatised in urban centres.

From the fact that distributive stores are situated mainly in the country where population is comparatively sparse, it necessarily follows that the majority of them are small. The average trade of each was in 1900 about 25,000 kroner,\* say £1,300, and even in 1903 it did not exceed about 35,000 kroner, say £1,800. Distributive co-operation is thus found to be cut up into small units. However, since 1896 the units are very properly held together by a comparatively strong Union.

It is to that "Union of Distributive Societies" that as a rule application is first made when the inhabitants of any rural district propose to establish a store. The Union, in ready response to the appeal, sends down one of its organisers to explain how a store should be formed and managed, and what aims it should keep in view. As a rule, at the close of his lecture, a provisional committee is nominated, composed of five or six persons, to prepare the ground for action. The committee parcel out their entire district into so many beats or rounds, and every member takes charge of one, perambulating from house to house to enrol members. Once a sufficient number is secured, a second meeting is held at which the society is formally constituted and rules are approved. Those rules are, generally speaking, the model rules issued by the Union, accepted without any modification. That done, a managing committee of three or five is appointed, and also "revisors" to check and audit and supervise all business, generally two or three. The managing committee forthwith

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\* A Danish kroner is equal to 1s. 1½d.

elects a manager and a deputy-manager. It next proceeds to hire, or else build or purchase a house in which to establish the store, and selects a "distributor" (salesman), a bookkeeper, and a treasurer. The accounts are ordinarily kept, the annual statements are prepared and the business is managed, according to the rules laid down in my "Manual for Distributive Societies," which contains full directions as to the organisation and management of co-operative societies. Thus the store is finally constituted and launched in good working order.

The model rules require that goods should be sold only for hard cash. Nevertheless, unfortunately credit finds its way into the business—it is true, at the personal risk of the salesman—to the prejudice of the store. The goods sold are ordinarily these: Provisions of every description, glass and porcelain goods, hardware, dry goods, feeding stuffs, seeds and artificial manures. Wines and spirituous liquors are also sold in the majority of stores, but their consumption is rigorously forbidden on the premises. Salesmen are generally remunerated by a percentage allowed on the total sales, at the rate, generally speaking, of 4 per cent. In addition there are free quarters with light and fuel. The manager, or else the bookkeeper, of the society receives as a rule about 1 per cent. on the sales effected.

No fewer than about two-thirds of the societies existing now own their own buildings. The remaining third rent them. About one-fourth of the societies hold licenses to sell to non-members; the remaining three-fourths sell—or as we call it, "distribute"—to members only. A small proportion of the societies selling to non-members have formed under limited liability. Otherwise unlimited liability prevails. It is universal among societies which sell only to members. The authorities insist upon it, and without question it is beneficial to the societies themselves, because it prompts every member to take an active interest in the society's proceedings, to take nothing for granted, to check, inspect, and criticise vigilantly. That not only lessens the risk of the venture to members, but it also has a most beneficial checking effect, by acquainting every one with all that is going on, and it equally makes for self-government in the fullest sense of the word. Many of our best co-operators would view the adoption of limited liability with regret, and are thankful that the law discourages it. It would in their opinion mean a misfortune for co-operation. Moreover, thanks to unlimited liability, which implies a great security for creditors, our stores are enabled to do at the outset with a very small share capital,



some with none at all, inasmuch as they can borrow what working capital they require from credit institutions or private persons.

Our stores have tried the employment of trained shopmen as salesmen. However, it has been found that only few of these can fully adapt themselves to the requirements of co-operative business. Therefore the majority are now untrained persons. But it is becoming more and more general to appoint salesmen who have gone through a course of instruction in a co-operative society. The Union does its best to promote such training. It has organised eight days' courses of instruction held twice a year, at which the requisite knowledge is taught. The bookkeepers are as a rule taken from among schoolmasters or dairy managers. The annual balance-sheet is submitted for adoption to a general meeting, which also decides upon the "dividend" to be paid to members. This is in exact proportion to the purchases made, and generally speaking amounts to 7 per cent. However, the value of the store must not be measured by the dividend only, for thanks to the establishment of these stores prices have been lowered not inconsiderably. In addition the stores have completely reformed rural trading. Such trading used to be truly execrable, bad goods being sold at exorbitant prices, and the public being badly served in the bargain. The co-operative stores have served as model shops and reorganised the outside trade. They are now gaining visibly upon it, and it will not be surprising if here and there within very little time they crowd it out altogether. Before the dividend is declared, a proportion of profits is invariably carried to reserve. The societies attach great importance to such reserve fund. On an average it now amounts in each society to somewhere about 2,000 kroner.

Of the existing distributive societies 915 have joined the Union already spoken of, which besides being a Union is also a very efficient Wholesale Society. The Union is practically an amalgamation of two Unions previously formed for smaller districts, viz., one for Seeland, formed in 1885, and the other for Jutland, formed in 1888. The two amalgamated in 1896, and now there is one Union for all Denmark. Those 915 stores all purchase their goods from the Union. To facilitate distribution the Union has formed branch depots in six principal places, namely, at Aarhus, Kolding, Odense, Veile, Esbjerg, and Nykøbing in Falster, apart from the central depot at Copenhagen. It also maintains four productive establishments, of which there are three at Kolding, to wit, a coffee-roasting workshop, which turns out 5,000 lbs. of

roasted coffee a day, a chocolate factory, producing 1,200 lbs. of chocolate or cocoa a day, a manufactory of sweetmeats, equal to a production of 1,200 lbs. a day, and, at Esbjerg, a tobacco factory, which turns out large quantities. All these productive departments answer extremely well, and give a valuable support to collective organisation. Accordingly it is proposed to extend productive business, and the purchase of a rather extensive site has already been decided upon, upon which to erect a cluster of new factories. In addition the Union owns a large piece of land at Lyngby—a small town in the vicinity of Copenhagen—on which it grows and experiments with seeds under the direction of a most able botanist.

The Union sells its goods to societies at thirty days' credit. Failure to pay at the expiration of that time means 8 per cent. interest charged on the money due. The "Andelsbank" acts as treasurer to the Union, receiving all moneys from the societies, and in turn paying the purveyors of the Union against cheques which only the three members of the managing committee are authorised to sign. The managers have no right to draw. The relations between the Union and the societies are excellent. Everybody recognises that the Union does its work well, and there is no difference of opinion in the Union in this respect.

The following figures will show what is the position and what has been the business of these distributive societies in the year 1903 :—

|               |   |   |   |               |        |
|---------------|---|---|---|---------------|--------|
| Sales         | - | - | - | 19,765,557.60 | kroner |
| Gross profits | - | - | - | 1,221,141.47  | "      |
| Expenses      | - | - | - | 430,175.84    | "      |
| Net profits   | - | - | - | 790,965.63    | "      |

Accordingly the total of management and productive expenses amounted to only  $2\frac{1}{2}$  per cent. of the entire business. This figure is made up as follows:  $1\frac{1}{10}$  per cent. salaries and wages,  $\frac{1}{4}$  per cent. rent,  $\frac{1}{2}$  per cent. interest on capital,  $\frac{3}{10}$  per cent. travelling expenses, and  $\frac{2}{5}$  per cent. other outgoings.

On 1st January 1904 the Union had in stock goods to the value of 1,750,901.34 kroner. Its reserve fund, including money written off for buildings, stood at 1,332,494.27 kroner.  $1\frac{1}{2}$  per cent. of the net profits go to reserve every year, and about 100,000 kroner is paid towards buildings and plant. The buildings have cost about 1,000,000 kroner, of which about 600,000 kroner has already been written off. The net profits for 1903 allowed of a  $4\frac{1}{2}$  per cent dividend being paid to societies upon their purchases.

Besides acting as Wholesale Society the Union also serves the societies as banker. They borrow from it when money is

needed. There is at present about 1,000,000 kroner standing to its credit, on which it charges the societies  $4\frac{1}{2}$  per cent.

The progress of the Union since its formation in 1896 is shown by the following figures:—

| Year.                 | Societies<br>in the Union. | Sales.           | Profits.       |
|-----------------------|----------------------------|------------------|----------------|
| 1896                  | 310                        | 4,176,072 kroner | 107,766 kroner |
| 1897                  | 374                        | 5,826,506 "      | 160,002 "      |
| 1898                  | 456                        | 7,009,442 "      | 229,198 "      |
| 1899                  | 523                        | 8,750,161 "      | 304,799 "      |
| 1900                  | 601                        | 11,016,974 "     | 355,657 "      |
| 1901                  | 684                        | 13,512,871 "     | 482,429 "      |
| 1902                  | 792                        | 16,915,090 "     | 643,133 "      |
| 1903                  | 852                        | 19,765,550 "     | 790,965 "      |
| 1904( $\frac{1}{2}$ ) | 915                        |                  |                |

## **(B.) The duty of the State towards Co-operation: Should it subsidise it or not?**

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### **I. HUNGARY.**

FOR particulars about State-Aid in Hungary see Count Joseph Mailáth's report under "Co-operation," page 443.

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### **II. IRELAND.**

#### **I. MEMORANDUM BY THE CONGESTED DISTRICTS BOARD FOR IRELAND.**

THE Congested Districts Board for Ireland, which has been in existence about twelve years, has assisted the development of the co-operative movement in the western portions of the country, placed under their care by the Purchase of Land (Ireland) Act, 1891, by making grants to the Irish Agricultural Organisation Society for the cost of establishing co-operative societies and agricultural banks, and also by issuing loans to such societies.

There are now 76 agricultural banks in operation in the congested districts, and the Congested Districts Board have lent a total of £4,850, in sums varying from £50 to £200, to 57 of these banks at  $2\frac{1}{2}$  or 3 per cent. interest, and they have set aside £6,000 for this purpose. Loans amounting to £625 have been made to three co-operative dairy societies.

For the cost of organising and inspecting agricultural banks, the Board have paid the Irish Agricultural Organisation Society more than £1,200, not including a further £300 claimed for the year 1903, and they have also paid about £186 for the organisation of co-operative societies other than banks. They have recently made an arrangement with the Irish Agricultural Organisation Society by which an experienced organiser, a Gaelic speaker, will devote his entire time to work in the congested districts at an annual cost of about £350.

*Note.*—The congested districts have a population of about 500,000 scattered over about one-sixth of the area of Ireland

along the western coasts from north to south. The only district where the population is not sparsely distributed is in Mayo and part of Roscommon, where there is a rural population of about 100,000 occupying small holdings of very poor land. A large proportion of the men are migratory labourers who spend a great part of the year in England and Scotland, chiefly as farm labourers.

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## II. MEMORANDUM BY THE DEPARTMENT OF AGRICULTURE AND TECHNICAL INSTRUCTION FOR IRELAND.

The Department some time ago considered the question of the benefits which would be conferred on the small agriculturists of Ireland by the extension of the system of Raiffeisen Credit Associations or Banks. A number of these associations had been established by the Irish Agricultural Organisation Society with excellent results. The Department ascertained that the audited accounts of the banks so established had been most satisfactory. An inquiry as to their working led them to believe that this form of co-operation was eminently suited to the character of Irish rural life, and productive of moral and material good. It was recognised, of course, that the banks are only suited to districts where farming is on a small scale, and where the farmers are not able easily to obtain loans from the joint-stock banks. The Department thought that they might usefully devote a portion of their funds to assisting in the organisation of agricultural banks in suitable localities.

The matter was brought before the Agricultural Board at their meeting held on the 23rd April 1901, and the Board decided to sanction the expenditure of a sum not exceeding £1,000 for the organisation of agricultural banks, and allocated a sum not exceeding £10,000 for loan capital in connection therewith.

The Department advance loans varying in amount from £25 to £100 to approved banks, on which interest is charged at the rate of 3 per cent. per annum. The advances are made under a bond signed by three members of the committee on behalf of the bank, which bond forms a continuing security until the loan is paid off. Loans are granted for eighteen months, and may be called in at the expiration of that period; but as the security holds good until the principal is fully repaid, it has not been deemed advisable to call in

loans until they are no longer required, and sufficient deposits for the working of the bank have been subscribed locally.

For the work of organising agricultural banks, the Department make use of the services of the bank organisers employed by the Irish Agricultural Organisation Society, and the receipt in each case of a certificate from these officers, endorsed by the secretary of the Society, to the effect that a satisfactory committee has been appointed, and that the bank has been properly organised and shows promise of being worked with success, is a condition precedent to the granting of a loan. The Department contribute to the expenses incurred in the employment of the organisers referred to.

Up to 31st March 1902, the amount advanced was £2,100 in 30 separate loans, and the interest received was £9. 2s. 8d. It may be stated here that the interest has, in almost every case, been paid punctually, and there are no arrears. In the years 1902-3, £3,330 was advanced in 52 separate loans, and one loan of £50 was repaid. The interest received amounted to £89. 13s.

In the current financial year 1903-4, £2,325 has been advanced in 32 loans, and the interest received to date is £157. 12s. 10d.

The amount of principal now outstanding is £7,705.

*P.S.*—Since the above was printed the Department of Agriculture and Technical Education has made it known that it is prepared to assist in the formation of co-operative flax societies during the season 1904-5, by paying a portion of the salary of an approved manager, and by granting loans for the erection of machinery. Such assistance is offered subject to all members entering into a collective bond in addition to subscribing share capital in proportion to their valuation, the guarantee to exceed the amount of the loan by 50 per cent.

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### III. FRANCE.

#### I. AGRICULTURAL CO-OPERATION.

By *COUNT DE ROCQUIGNY, Chairman of the French National Section of the International Co-operative Alliance.*

IN the matter of State assistance afforded to agricultural co-operation in France it will be necessary to distinguish. Agricultural co-operative societies formed for purposes of production, of sale, or of transformation of material, have

never received a penny in the shape of subventions from the State.\* Only, it may be stated, the Ministry of Agriculture endeavours to second the action of co-operative societies of this sort by setting up establishments for technical instruction and also laboratories. That is what it has done in the interest of co-operative dairies in the western departments, and in support of co-operative cheeseries (*fruitières*) in the east. I may add that a proposal now before Parliament, and meeting with much support within its walls, the proposal of M. Clémentel, asks that 5,000,000 francs, out of the payments due from the Bank of France, be appropriated to the purpose of employment in advances to be made free of interest to co-operative societies formed with the object of storing, transforming, or selling agricultural produce, to be applied more especially to the erection of buildings, and the management of storage establishments. However, all this is at present still only a proposal.

As regards co-operative credit, it is known that the State affords to such very substantial assistance, having appropriated 40,000,000 francs from money paid by the Bank of France with the addition of about 3,000,000 francs coming in every year for the purpose of furthering and facilitating agricultural credit. It is known also that we have in France no Central Bank. We have simply "regional" banks, that is, self-governing bodies, formed by private individuals, but supervised by the State. There are at present about 53 such district banks, and more are formed from year to year. They receive advances free of interest out of the funds spoken of, and employ them to stimulate agricultural credit in their several districts, whether by discounting bills of local societies or by making advances to them to supply them with working capital. I ought to add that advances of the sort spoken of are not made by the State unless certain strictly determined conditions are first complied with, and unless a special committee appointed for the purpose in the Ministry of Agriculture approves the advances.

Up to the present time the amount advanced by the State in the manner spoken of is not likely to have exceeded 10,000,000 francs, although there is already between 60,000,000 and 70,000,000 francs so available for the purpose.

I ought furthermore to mention a vote of 500,000 francs accorded annually to the Ministry of Agriculture for the

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\* However, the Ministry of War has purchased agricultural produce from agricultural syndicates.—H. W. W.

encouragement of small agricultural mutual insurance societies, which come very near being co-operative. There are at present about 4,000 such societies in existence, and the small subvention that goes to each, in most cases either at the time of its formation or shortly after, does nothing more than provide it with a modest reserve fund.\*

## II. INDUSTRIAL CO-OPERATION.

*From information supplied by the "Office du Travail."*

ENCOURAGEMENT to co-operation not of an agricultural type is, in France, given in three distinct forms.

### 1. EXEMPTION FROM TAXATION, &c.

Distributive societies are exempt at law from the Trade License Tax on condition of their confining their sales to members of the particular society only.

Productive societies, provided that they are in the main composed of working men and so organised as to constitute them working-men's societies within the accepted official interpretation of a law not absolutely clear, are exempted

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\* Under the law of 4th July 1900, as explained by Ministerial orders of 7th and 31st August 1901, and the official reports of the Sittings of the Chamber and the Senate, agricultural mutual insurance societies which are administered without remuneration, and do not pursue the object of business profit, are free, whatever their object, to dispense with the costly and troublesome formalities prescribed by the law of 1867, and the imperial edict of 1868, to which other insurance societies are subject. Those formalities previously effectively hindered the formation of small societies.

When it is said that no remuneration is to be paid for management, that does not imply that a secretary may not be paid a salary. And when it is said that there should be no business profit in view, once more, that does not mean that there is not to be a reserve laid up out of annual surpluses. Again, the word "agricultural" must be taken in its widest possible sense, as being almost identical with "rural." The Ministry of Finance has so interpreted it, and the Chamber has given manifest proof of its desire that the freest interpretation possible should be given to the word, and that all difficulties which might possibly arise from its employment should be benevolently cleared away.

Societies organised as has been indicated are free to constitute themselves under the law of 1884 authorising the formation of professional syndicates. That is as favourable a law as there could be. For it requires nothing more than that societies newly forming should deposit their rules, together with the names of their committee and officers, at the *Mairie* against receipt. That law exempts them from all taxes, stamp duties, and registration fees, which weigh heavily on



from the 4 per cent. tax on dividends on shares and debentures to which joint-stock companies (formed to some extent under the same law) are liable. •

## 2. GRANTS IN MONEY OR LOANS ON PREFERENTIAL TERMS.

Since 1893 a grant of money is every year voted by Parliament, to be appropriated, at the discretion of an extra-parliamentary commission administering the fund, in such proportion as the said commission may decide, to deserving productive or credit societies which may appear to it to stand in need of assistance, whether owing to recent formation (subject, however, to the condition of at least six months' existence), or else to a "crisis." It is particularly laid down that the funds voted, whether in the form of a grant or a loan, shall not be allowed to become a regular source of income, but be given only as an exceptional assistance. The loans are now, under an ordinance bearing date of 15th November 1902, negotiated almost invariably through the Co-operative Bank of Productive Working-Men's Societies (*Banque coopérative des Associations Ouvrières*), which receives the money free of interest and is required to lend it out at not more than 2 per cent., nor for more than five years each time, although the loan may be renewed. Repayment may be made by instalments or in lump sums. If the loan be not expressly renewed to the bank, the sums falling in are repayable to the Government at once on the expiration of the term named in the agreement. Very full regulations are laid down to guard against abuse. The borrowing society (the Bank deals only with *productive* societies) is required to show by certain verified declarations prescribed that it is a *bond-fide* working-men's society within the sense of the official

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insurance policies, in other societies. Such are—the so-called war tax (10 per cent.), the stamp duty (3 francs per million), and the tax of 6 francs per million, in all about 12 to 30 per cent., according to circumstances. There is absolutely nothing to pay to the State except the ten centimes (1d.) stamp on receipts.

Such exemption applies to reinsurance also, no matter whether it be effected under the law of 1900 or with one of the large insurance companies, which is otherwise subject to common law. The original contract is taken to carry its immunity with it, and reinsurance is not supposed to be a new transaction at all, but only an act complementary of the first insurance.

In conclusion, small fire insurance societies receive small subventions from the State on the same ground as small cattle insurance societies. That means on an average about 500 francs for every society. That payment as a rule goes to the reserve fund, and in this way adds to the security of the insured.—H. W. W.

interpretation of the not over-precise terms employed in the several Acts. It must report to the bank at once, supplying proper vouchers, the use made of the sum loaned, and continue to report upon its own financial position, submitting a balance-sheet, at least once a year. The bank itself is required to put the sum received to its proper use within a fortnight after receiving it, to report within a month upon the employment made, and every three months upon its own administration of the sums entrusted to it. Once every six months the Ministry of Commerce may send an officer to examine its books and verify its statements. Immediate recovery, so far as is practicable, in case of liquidation or dissolution, or else of failure to fulfil the terms of the agreement, is also carefully provided for. And the bank is authorised to secure itself by claiming the assignment of property or other effects. In consideration of its administration it may be allowed by the Ministry of Commerce a commission of from 5 to 15 per cent. of the amount of the loan. In the case of gifts the extra-parliamentary commission deals directly with the receiving societies. The sums actually granted by Parliament since 1893 are as follows:—

|         |   |   |   |   |   |                 |
|---------|---|---|---|---|---|-----------------|
| In 1893 | - | - | - | - | - | 140,000 francs. |
| 1894    | - | - | - | - | - | 140,000 "       |
| 1895    | - | - | - | - | - | 140,000 "       |
| 1896    | - | - | - | - | - | 140,000 "       |
| 1897    | - | - | - | - | - | 125,000 "       |
| 1898    | - | - | - | - | - | 140,000 "       |
| 1899    | - | - | - | - | - | 165,000 "       |
| 1900    | - | - | - | - | - | 165,000 "       |
| 1901    | - | - | - | - | - | 165,000 "       |
| 1902    | - | - | - | - | - | 165,000 "       |
| 1903    | - | - | - | - | - | 165,000 "       |
| 1904    | - | - | - | - | - | 200,000 "       |

The grants are mostly small. The proportion maintained between productive and credit societies varies. In 1903 150,000 francs was allotted to productive and 15,000 francs to credit societies. For 1904 the figures were 170,000 francs and 30,000 francs respectively. In 1903 of the money allowed to productive societies was 77,500 francs in the form of gifts and 69,000 in the form of loans.

Loans of a different kind are obtainable by productive societies of working men in Paris under the administration of the Corporation of Paris. They are accordingly sometimes ranked as assistance from public authorities, but they are in reality nothing of the kind. The city of Paris acts in this

connection simply as trustee for the late M. Rampal under a will which, out of the bulk of the property which he left in 1879, has created a fund to be employed in perpetuity in the making of such loans. The loans must be for terms not exceeding nine years; however, they may be renewed. They must not exceed in amount, in each case, half the borrowing society's actual paid-up share capital. They become *ipso facto* repayable upon the share capital of the society becoming by any cause reduced by one-third. They are at the rate of 3 per cent. per annum. The borrowing society is required to hand in a balance-sheet of its assets and liabilities once every three months, and to submit to investigation of its accounts at any time. The Rampal fund was originally 2,000,000 francs. It has dwindled by losses and stood on 31st December 1902 at 428,040.97 francs, in addition to 25,450 francs per annum 3 per cent. *rentes*, valued at 848,333 francs capital, the principal of which is not to be touched. From 1883 downward to 1901 inclusive 127 distinct loans have been granted out of this fund amounting in all to 1,399,700 francs. 233,641 francs has been lost.

### 3. FACILITIES FOR OBTAINING CONTRACTS.

Under an ordinance of 1888, which to some extent renews the provisions of an Act of 1848, long fallen into disuse, co-operative societies of working men are admissible to contracts for work, or work and materials, within the discretion of the Government authorities of departments and of parishes (*communes*). Wherever the conditions prescribed apply and are observed, public bodies coming under any of the three descriptions named are even directed to subdivide large contracts which may be in their gift in such way as to bring their several portions within the terms of the law, and thereby within the reach of working-men's societies, and in the case of an equality of tenders, they are directed to give the preference to the co-operative society, all excepting the two Ministries of War and of Marine, should they see reason for acting otherwise on public grounds. The contracts given are placed under two distinct heads. In the first place, public bodies may give to working-men's societies without the intervention of a tender contracts up to 20,000 francs the job, or 5,000 francs for any particular year, which appears to mean that the total amount must not exceed 20,000 francs, but that the work may be distributed over several years. In the second place, the public authorities named may give by tender to the societies described contracts not exceeding 50,000 francs

each, on condition of certain regulations being complied with, without requiring the usual security and with the additional concession that *pro rata* payments shall be made to it every fortnight. To qualify for this, the society in question is called upon to send in its list of members, who must all be French, the legal deed constituting it, and proof of the technical capacity of its officers. In the event of a tie between two or more co-operative tenders handed in, a new tender may be called for, or else resort may be had to the lot.

There is no recent record showing the amount of work actually completed under these conditions. Not a little work is done by co-operative working-men's societies, quite independently of the facilities here given, and for large amounts, in fair competition with the ordinary trade. It has become a practice to place much contract work in the gift of public authorities in the hands of co-operative productive societies, such as work at public exhibitions, more particularly the great Paris Exhibition of 1900; and again, joiners' and cabinetmakers' work in the fitting up of public schools, &c. In this way the decoration of the French annexe at the St Louis Exhibition has been entrusted to French co-operative societies. All such employment is appreciated as a boon. Some of it appears to be done at prices rather higher than might be obtained from contractors. But it is considered to be worth the higher price in consideration of better quality.

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## IV. AUSTRIA.

### (A.) THE AUSTRIAN MONARCHY.

#### I. AGRICULTURAL CO-OPERATION.

*The facts here presented are taken from a very full Report prepared for the Congress by Herr Dr ERTL, Privy Councillor in the Austrian Ministry of Agriculture.*

In no country has the State shown itself more alive to the expediency of assisting co-operation in agriculture as a matter of State policy, a means of increasing the wealth and wellbeing of the nation, as in Austria. It is not with it a question of mere £ s. d. The entire policy of the Ministry of Agriculture has of late been so shaped as deliberately, designedly, to promote co-operation, as the means of all others promising to benefit agriculture, more specifically small agri-

culture. And in this sense—though, unfortunately, the actual contributions made in money still fall far short of what experts regard as desirable, nay, actually called for—Austria may be said to have become in this respect the foremost champion of State-aid. The Government has helped, stimulated, encouraged, with no stinting hand. The result is to be seen in the fact that in no country is agricultural co-operation so fully developed, so carefully methodised and systematically organised as in the federation of States situated west of the Leitha, and united under Hapsburg rule. The country is now covered with a network of co-operative associations, which are carefully assisted, guided, checked, and controlled, which render valuable services to agriculture, and promise, developing further under the same forcing stimulus, to render very much greater services still in the future. There are a host of agricultural banks, drawing for their money upon public funds. There are productive societies, vinegrowers' societies, purchase societies, dairies. And Austria actually leads among co-operative countries in respect of co-operative grain storage establishments.

This condition of things was not arrived at in a day, or of set purpose. Providence had its distinct part in it. The Government was led, almost driven, into its present policy by circumstances in the bringing about of which it was no prime cause. Accident determined its first steps. Local need called for assistance, the first of which was given in the year 1890. It was given at first in a haphazard, irresolute, casual way—a little help here, a little help there, without fixed rule or certain aim. The success, as it was thought to be, of such intervention, and the logic of the case, led the Government to reflect and to map out for itself by degrees a new course which, once reason appeared to commend it, it adopted whole-heartedly and zealously, so far as the means at its disposal permitted. In such proceeding it was materially assisted by a fortuitous circumstance substantially in its favour. In almost every country the question of the legitimacy of State help has raised up veritable tornados of criticism and argument. In Germany, among other countries, the State help doctrine has been fiercely contested and protested against, and the Government has sometimes experienced difficulty in holding its own against such opposition. In Austria criticism has never been so fully pronounced, nor constituted a serious hindrance to contend with. And up to the present moment public opinion has continued generally favourable, agreeing in the main that support is due to what promises to be of public utility.

A fact absolutely not to be contested is that State-aid has in Austria brought about a truly remarkable awakening of the co-operative spirit, an astonishing growth of co-operative work. Up to the time of its advent co-operation remained inactive, almost unknown. The fault did not lie with legislation. The Austrian co-operative law of 1873 was, at the time when it was passed, distinctly in advance of other co-operative laws, more specifically of that of Germany, a country in which nevertheless co-operation grew up vigorously and became a great power. Among other things, the Austrian law forestalled German legislation by full twenty-six years, in permitting limited liability.

In respect of agriculture the co-operative movement in Austria may be said to have begun only in "the eighties," when some local authorities, having observed what was being done in Germany and sent technical experts to examine such work on the spot, had come to the conclusion, on the evidence brought home, that it was an excellent thing, and accordingly made it their policy consistently to advocate co-operation, urging the lesser authorities under it to plane the way for its adoption, to remove hindrances and smooth away obstacles, and even to support it with public money. It was the Governors (*Statthalter*) of the various territories who initiated such action, as representing the Crown. The Governors, specifically of Lower Austria, of Silesia, and of the Bukowina, did admirable pioneers' work in this way. They directed the local authorities to favour the formation of co-operative societies wherever there was an opening. Next they caused propagandist literature, handbooks, accounts of co-operative successes achieved elsewhere, suggestions and proposals to be scattered over their particular territories, supplementing such instruction by lectures given by itinerant teachers. Beyond this, they suggested everywhere the formation of agricultural "casinos," that is, local agricultural societies intended rather for discussion and common study of agricultural questions, than for co-operative action. Not much money was thus far expended. But a measure of practical success was attained. The "casinos" proved stimulating. The literature circulated was read, the lectures were listened to. In a word, the public mind was awakened and made sensible of the importance of what was proposed. The intention of the Governors referred to was, in the course of time, if possible, to provide every parish in their particular territories with one or more societies, all of them brigaded in larger unions, with a head at the top of all in which direction should centre. Very considerable progress has been made in

this respect. Some territories are co-operatively speaking fully organised. In others the movement continues backward, and in a federation of States, like Austria, the central authority in the capital has not sufficient power actually to compel local authorities at once to go forward.

So encouraging, nevertheless, was the success already attained considered to be, as to suggest to the Imperial Government at Vienna more ambitious measures, which were soon planned, but not as promptly carried into effect. Count Falkenhayn has the merit of having initiated this forward policy, while minister of agriculture. Having benefited agriculture by introducing a new order of succession in the matter of peasant properties, hindering their disruption, and submitted proposals aiming at the creation of small peasant holdings with the help of State funds, he in 1890 placed his office in touch with one of the great German agricultural co-operative unions, that of Dr Haas, by despatching representatives regularly to its annual Congresses. This preliminary measure was followed up by a law, adopted in 1901, and shaped to some extent on that of M. Waldeck Rousseau of 1884, authorising the formation of "professional" societies for the promotion of agricultural class interests. The law still wants applying in various parts of the empire, by measures to be taken by the local Diets. But in some territories it has proved signally successful. One of the objects of the "class" associations is to form "economic" co-operative societies by their side for purchase, sale, and other co-operative work.

The next step taken was, in logical sequence, to set apart a vote "for the promotion of agricultural and foresters' societies and co-operative associations." At the outset only small grants were voted, hidden away under subordinate heads of the Budget, anything but suggestive of the true object aimed at, such as "plant culture" (*Pflanzenbau*) and "cattle breeding" (*Rindviehzucht*). Soon, however, the object was plainly avowed, and small special grants were added for journeys of inquiry. By 1898 the sums so granted had grown to 140,000 K. per annum. In 1899 the figure was carried to 200,000 K., and the vote was put in the estimates under a distinct head.

Having been in the first instance made aware of the value of co-operation by local governors, the Ministry of Agriculture now proceeded to take the lead in the matter into its own hand, and to urge backward governors forward. What was done in respect of Istria and Dalmatia may serve as an example. In those territories co-operation, more

specifically for the supply of credit, appeared urgently called for. Usury was rampant, and it was usury of a particularly pernicious and oppressive description. For it was, among others, the upper classes, those who should have made it their duty to come to the rescue of their poorer brethren, who in truth mercilessly exploited them by usury. Racial differences—between Slavs and Italians—added a further difficulty, and the territories might well be described as being in a state of economic and social demoralisation. To raise a defence against usury the local Slavs formed their own credit society (*Istarsku Posujilnica*) at Pola, which under the peculiar circumstances considered itself entitled to State assistance and claimed such. The Ministry of Agriculture, readily discerning what a boon the *Istarsku Posujilnica* might become to the population, at once granted 8,000 K. (£320) in aid of its formation. The *Posujilnica's* first idea was to dot over the country with branch establishments of its own, and so dispense credit from one centre. However, it soon discovered that better work might be done by starting independent Raiffeisen societies in as many localities as possible. The change commended itself to the Government, which once more loosened its purse strings and made special grants, varying from 800 to 2,000 K., in aid of local societies. The help so given did not, however, amount to much. Work was terribly uphill. Money was difficult to obtain. The poor had none to deposit, and wealthy people preferred lending theirs out on usury to depositing in order to spoil their own game. In their distress the Istrians in 1895 appealed to the Emperor by petition. The Ministry of Agriculture in 1898 issued an ordinance urging the *Landesausschuss* to render help, more specifically by endeavouring to form a central office to serve also as Central Bank. All this prodding proved to be in no wise thrown away. An active interest in the matter was aroused. To raise the necessary money the *Landesausschuss* proceeded to the formation of a "Jubilee Fund," the main object of which is to promote agricultural co-operation.

The *Posujilnica*, taking the initiative in the formation of Raiffeisen societies, with further assistance from the Ministry forged steadily ahead, and the result is that at present there are 50 Raiffeisen societies in Istria, 40 of which are credit societies.

The Ministry of Agriculture proceeded in a very similar way in Dalmatia. Only in that country the local authorities had taken the field first, despatching a priest of the neighbourhood of Spalato to Trient to study Raiffeisen co-operation



in that country. The Ministry at once contributed 200 K. for travelling expenses, and offered to make the grant annual. The priest brought back a glowing account of what he had seen, and the local authorities appealed to the Ministry for more money. The grant was accordingly raised to 1,000 K. for 1898. There was quite a rush of applicants for the temporary studentships, no less than sixteen applying, among whom the local authorities selected seven. The Ministry next raised their vote to 2,000 K., and also granted money for itinerant teachers. By this time a local propagandist committee was formed, which once more applied to Vienna for help. The Ministry granted it, but only as a temporary matter, holding that Istrian co-operators should now think of complete organisation with a central body to act as head. On the same ground it declined to grant 20,000 K., which was asked for towards the formation of the *Agenzia Agraria*, to act provisionally as a purchasing centre. The Ministry had already formed an opinion that desultory spoon-feeding must come to an end, and that there must be general and methodical organisation. At the same time it rather inconsistently withheld 100,000 K., asked for as a general fund for subsidising newly-forming Raiffeisen societies, on the ground that the whole Raiffeisen movement was in Dalmatia still in so experimental a stage that further results must be awaited before much money could be spent. However, it granted 2,000 K. for a year. Under such circumstances its suggestion that a central union should be created proved effective. No union has actually been formed yet, but it appears to be coming. And there is to be a central bank. The Ministry is favouring the movement as far as it can, and has raised its annual grant in aid of the movement to 5,000 K.

The lesson of all this inquiring, comparing, studying, urging, and interfering was not lost upon the Ministry of Agriculture. It had begun its action of State intervention tentatively and quite experimentally in 1890. By 1898 it had discovered that, if its ideas, formed under the influence of its prolonged observation, were to be carried into effect, if Austria was to have a network of co-operative societies rendering to agriculture all the services which co-operation might be made to render, there must be centralised and methodised action directed by itself, so as to insure unity of aim, unity of organisation, and harmonious working among the several organisations. With a view to inquiring into the question how such idea could best be carried out, it appointed in 1898 a "Council of Agriculture" to investigate these

matters carefully and to act henceforth as its standing adviser. The newly nominated "Council" at once entrusted a committee with the inquiry suggested, which resulted in a very carefully drawn-up report, the composition of Dr Stefan Licht, one of its members, which is by common consent allowed to embody a most able review of the whole question, and which, having been formally adopted by the "Council," and approved of by the Ministry of Agriculture, has become in point of fact the chart by which the Ministry is steering its further course. Fully to identify itself with that report the Ministry of Agriculture not only circulated copies of it freely by means of the *Landesausschüsse* in the several territories, but it also drew up a syllabus of "principles" by which it proclaimed to the *Landesausschüsse* that it proposed to regulate its action, which "principles" were likewise officially promulgated, together with special "edicts" or ordinances applying to the several portions of the empire and adapting the general programme to each specific case.

The authorised "plan of campaign" starts from the fact, which there is no disputing, that agricultural organisation, mainly by co-operation, had, under the initiative left to the local authorities alone, developed locally in a most unequal and not everywhere in an ideal way, which must mean loss of valuable opportunities, and that this state of things ought to be remedied by the adoption of more methodical action regulated by the Ministry. The report carefully goes into the various points to be included in the programme. It lays particular stress upon the necessity of systematised *education*, beginning at the bottom, that is, in the parish, where officially appointed teachers are to teach co-operation, and proceeding up to the top, where it is proposed that university professors should be appointed as at Poppelsdorf, to read lectures on co-operation. Such action is to be supplemented by co-operative education given in the ordinary elementary or "middle" schools, and by technical education in agriculture in special establishments. The report dwells on the necessity of circulating "compendious" instruction, full and precise, prepared under Government direction and circulated by Government authority. It next insists upon the necessity of combining associations to sections and to unions, with the "General Union of Agricultural Co-operative Societies," already formed, at the top of all, assisted and favoured by the Government. It urges the formation of central banks, but declines to endorse the demand for an Imperial State Bank, after the model of the Prussian Central State Bank, richly endowed with public money, because Austrian circumstances do not

appear to call for such measure. However, the report admits that there must be money—not as much as is paid in Prussia, but still sufficient. The report proposes that the State should provide 10,000,000 K., the several territories adding another 10,000,000. Local public mortgage banks are to help by placing public money for purposes of advances at the disposal of central banks. As a means of attracting deposits it is proposed that Raiffeisen societies should be declared proper receptacles for trust moneys. The post office savings bank is to help. In Moravia and Silesia the old “corn contribution funds” are to be made available for co-operative purposes. The local authorities are to create special funds. And the reserve funds of the public insurance corporations for widows and orphans are to be made available rather than continue to be invested in mortgages.

The report does not advise the organisation of societies for different purposes as distinct bodies, but holds that one local society—being, by presumption, a credit society—may well supply all services, except in special cases. It goes through all the various services which may be rendered, all the accepted forms of co-operation, and lays special stress on the desirableness of organising, with State help, a large number of grain storage societies as a means of securing a better and steadier price for the cultivators’ corn. There seems to be nothing forgotten, and the report, in conclusion, insists upon the necessity of having model rules, model formularies, &c., and a strict and searching inspection of societies. The Ministry of Agriculture has not carried out quite all that the “Council of Agriculture” has recommended. More in particular it has not yet seen its way to granting aid in money on the scale suggested. Also it has found it impossible to authorise the credit societies officially as proper receptacles for trust money. But it has done a great deal, both as a central directing guide, and as a stimulating monitor in cases of neglect. It has used its official influence freely to secure the countenance and co-operation of local bodies, to interest more specifically the clergy and the schoolmasters, and it has favoured more particularly educational methods. And last, not least, it has rendered what help it could towards the formation of grain storage societies, and the erection of suitable establishments in connection herewith.

Its action has not always been easy. Generally speaking, all authorities concerned are most anxious to give their help for the development of Raiffeisen co-operation. However, in some localities there has been a great deal of opposition

to overcome. Thus in Carinthia, not only are Germans at loggerheads with Slovenians, but they are also at loggerheads among themselves, and the Ministry has not altogether succeeded in establishing harmony and bringing about the requisite common action. In Carniola, owing to political dissensions, it has not yet proved possible to form a committee for examining schemes for the establishment of grain storage societies, such as the "Council of Agriculture" pronounces not only most desirable, but actually indispensable, if the action taken is to be fruitful. In Bohemia, Moravia, the Tyrol, Lower Austria, and Styria, &c., such committees have been formed with very good results. In Carinthia one has been nominated ex-officio with an official head. But in Carniola even this has proved impossible. The same in the Bukowina, in Salzburg, and in the Mediterranean Littoral. In the German Tyrol special difficulties have presented themselves and common action in the Ministry's sense is still unattained.

However, generally speaking, the action taken by the Ministry of Agriculture may be said to have justified itself by results. Hundreds and thousands of co-operative societies have risen up as if stamped out of the ground, in a startling variety of forms. There are credit societies everywhere, also supply societies for the purchase of manure, feeding stuffs, machinery and implements. Productive societies are numerous, also dairies. Some fifty odd grain storage societies are at work, favoured by the Ministry of War, which takes much corn and produce from them. Breeding societies are multiplying apace. In the Tyrol, in Lower Austria, in Styria and Moravia vine-growers have their co-operative wine-presses. There are co-operative oasthouses for hops, co-operative distilleries to turn the potato crop to account, co-operative oil presses for olives, co-operative flax-dressing establishments, co-operative corn mills and bakeries, slaughter-houses, societies for turning honey, fruit, vegetables to better account, co-operative roasting establishments for chicory, co-operative fisheries, co-operative bog-reclaiming societies, co-operative threshing machines, &c. &c. And all this owes its existence to Government favour. Public authorities are at work inspecting societies. They hold their sheltering shield over them to prevent petty worrying by fiscal authorities, revenue officers, and the like, who are in Austria apt to be troublesome.

Under the effect of such Government action, although many people complain that the public purse is not yet nearly sufficiently taxed for the benefit of co-operation, the charge

on the budget has grown rather perceptibly. A number of subventions are still granted under particular, scattered heads not suggestive of co-operation, such as "plant culture" (*Pflanzenbau*), "cattle-breeding" (*Rindviehzucht*), "dairies" (*Molkereivereine*), &c. It is impossible to estimate the precise amount given away under these heads. Beyond this something like 100,000 K.—perhaps scarcely so much—is granted annually under the heads of flax cultivation, bog reclaiming, hop cultivation, &c. Apart from this, the whilom grant of 200,000 K. for agricultural co-operation proper has grown to 281,000 K. in 1903, and 456,000 K. in 1904. Even that leaves many things undone, for want of funds, that everybody is agreed in considering to be desirable and even urgent. Accordingly not a little dissatisfaction is still felt, and the Government is freely memorialised in favour of doing more. Both Galicia and Bohemia have asked for more liberal donations. The Bukowinians have claimed a ten years' advance of 700,000 K. at 2 per cent. to enable them to develop co-operative credit. Demands of a similar nature keep pouring in from all quarters. In view of this the "Council of Agriculture" in 1902 proposed a standing grant of 2,000,000 K. to be divided among the various territories and unions according to their several merits. There would be serious difficulty probably in carrying out such a suggestion. For there are rivalries between races to take into account. Thus in Moravia the Ministry of Agriculture appears to have given sore umbrage to the Czechs by declining to award the grants made in proportion to population, seeing that German co-operation, though representing a smaller population, is the more advanced of the two. Quite evidently, whatever has been done thus far, greatly useful as it has proved to be, will have to be considered as characteristic of a period of transition. Organisation on the lines of unions and sub-unions will have to proceed further before anything can be considered final.

At present the Ministry of Agriculture, generally speaking, no longer makes grants to individual societies except they be productive societies. It dispenses its benefactions as a rule through the large unions. One shape in which it assists these is by grants in aid of management expenses. In such a way it expends from 3,000 to 6,000 K. annually and even more. The idea is, that by such means it is likely to render assistance to the entire organisation, and more specifically to stimulate inspection. In countries, however, in which co-operation is comparatively backward, such as Dalmatia and the Littoral, it continues to subsidise distinct associations in order to keep

them alive. Next it gladly renders assistance to enable people selected for the purpose as apt and capable, to travel with a view to studying co-operative organisations abroad.

In respect of productive societies the Ministry adopts a different rule. Such societies for the most part require a rather considerable capital at the start, which may not yield a return for some time. In their case accordingly, the Ministry deals with the societies one by one, according to the merits, carefully inquired into, of each case. In every case alike, however, Government assistance is made dependent upon the adoption of approved rules and business-like proceedings. Also the Ministry will never find the *total* amount of money required for setting up a productive establishment. As a rule the society is expected to find 30 per cent. of the outlay itself; it will then receive about 40 per cent. from the State, or the particular territory, leaving about 30 per cent. to be provided for by credit. Only in Lower Austria does the Ministry proceed on different lines. The local authorities there began to subsidise co-operative undertakings at an early period, but with very small grants only. The Government, accordingly, likewise keeps rather a tight grip on its purse, granting only from 5 to 12 per cent. of the original outlay. Some of the societies so assisted are very poor in capital, providing only from 3 to 17 per cent. of the outlay by shares. In Bohemia, likewise, rather a different principle prevails. The Imperial Government will there find about 15 per cent. of the outlay as a free grant, but it adds another 10 per cent. in the shape of a repayable loan free of interest.

The vexed question of "free grant" or "repayable advance" as alternative methods of State help has been much discussed. As a rule, up to now the Ministry gives from 15 per cent. up to, at most, 20 per cent. of the outlay in the shape of free grants. There are exceptions in favour of granting more. However, in the case of the grain storage societies, the most important co-operative organisations of all, the Government has kept below the proportion stated, perhaps necessarily so, because such societies mean a very heavy outlay, in some cases as much as 150,000 K. Probably 10 per cent. of the outlay is in many cases very near the mark of the assistance actually given by the Government.

Whatever it is considered advisable to give beyond the limit of free grants, is dealt out in the shape of advances. Such loans are as a rule made repayable by ten equal annual instalments, the first of which need not, however, be made until the sixth year after handing over the money. The

loan is in every case secured by the building and the whole establishment, upon which it is regularly entered as a first charge.

The grain storage societies just spoken of rank, generally speaking, as the co-operative societies most favoured by the Government, and they are said to have actually produced very satisfactory results. Next to them the Government favours co-operative wine-presses, which have, however, not proved equally successful. In one instance indeed, that of the *Winzerhaus*, of Lower Austria, a considerable loss has been incurred, and, generally speaking, results still leave much to be desired. Co-operative dairies may be said to rank third, receiving assistance in much the same way, that is, in the shape both of grants and of advances. However, co-operative potato distilleries never receive a free grant. The Ministry holds that wherever a mere advance does not promise to prove sufficient, there evidently is no call for a co-operative distillery. The advances to distilleries are made at the rate of 4 per cent. with repayment beginning at once. Co-operative corn mills are assisted only subject to a formal engagement not to grind for non-members, nor to engage in the speculative milling, that is, of buying corn and selling flour for profit to non-members.

As regards the future action of the Ministry of Agriculture, it may be taken for granted that it will make control and inspection, in respect of which the new co-operative law of 1903 has laid down stringent regulations, to advance *pari passu* with assistance, which may indeed be carried further than it has been in the past; and, in the second place, that, having learnt a good deal from its own experience, it is likely to act in future in studied concert with the General Union of Agricultural Co-operative Societies, which has become a powerful and strongly representative, very competent body. The formation of the General Union of Agricultural Co-operative Societies was decided upon in 1897, on the occasion of the first "Austrian Raiffeisen Congress." The Ministry of Agriculture took an active part in its formation, which actually took place in 1898. The Ministry of Agriculture at once agreed to assist the Union with a grant, but only subject to the contributions payable by the unions representing the several territories being settled beforehand. The grant allowed was at the outset only small. In 1898 the entire expenditure of the Union did not indeed exceed 8,000 K. Shortly after, however, the State grant was raised to 20,000 K. per annum. By 1903 it had grown to 24,000 K. The Ministry attached, and still attaches, particular value to

a sufficient equipment of the Union with means, because it looks upon the Union as the body which is to contribute mainly to the development of agriculture in Austria, not merely by providing a general agency for the purchase and sale of goods, but by proceeding methodically with the work of organisation. Government support has enabled it to appoint a competent chairman, who gives up his whole time to its work. Relations between the Union and the State have become still closer since 1901, when the Ministry of Agriculture appointed a representative to attend all the sittings of the Board of the Union, and to act as its adviser and a direct link between the two bodies. Under such encouragement the Union has become a very powerful and efficient body. On 31st May 1904 it embraced 14 local Unions, and had more than 3,500 members. The Government, appreciating its merits and its potentialities for public services, is not likely to allow it to want for means, though of course it expects the local Diets to do their share in subsidising and supporting it.

The Austrian law allows agricultural co-operative associations exemptions and reductions in respect of various taxes and fees. Thus only a much reduced stamp duty is payable on the bonds and notes of hand held by Raiffeisen credit societies, the definition of the societies to be favoured being purposely so drawn as to apply specifically to them. Co-operative societies confining their sales to members are likewise exempt from license tax, and they escape income tax by the smallness of their profits, being only parish societies. On the other hand they are taxed to the extent of  $1\frac{1}{2}$  per cent. on the interest which their deposit departments pay to depositors. This is now generally not deducted from interest but paid out of profits in view of exemption granted to societies from the usual 2 per cent. duty on deposits, other than credit balances on current account. Such taxes as remain payable have also been made payable annually instead of quarterly, and receipts require no stamp. No license tax is leviable on the sale of produce grown by members, except it be made a matter of regular retail business. Quite recently the Government has allowed exceptional trade with non-members under stress of necessity to pass tax free, and has also exempted its own subventions from property tax, if carried to a separate account. No income tax is leviable on interest on shares.

Some very valuable privileges have been accorded to agricultural co-operative societies only, more specifically grain storage societies, in respect of their dealings with railways.



The railway ministry is under instructions generally to favour and assist grain storage societies to the best of its power: (1) in the matter of sites, by assigning to them at a very low rent sites for their establishments, so long as such are not required for railway purposes, undertaking in addition to compensate them in the event of disturbance unless the sites have remained twenty years in their possession; (2) in the matter of sidings, which are to be made at the expense of the railway if within the enclosed space of the station; (3) in cases in which the siding lies outside the enclosed space, by giving them the material for making it cost free; (4) in the matter of carriage, by allowing three months' credit for payment. Lower rates are also allowed to grain storage societies in respect of goods carried to their establishments by railway, to be afterwards removed in the same way. In the last place the railway ministry is under instructions to use its influence with private railways to obtain similar concessions.

The purchases of agricultural produce made by the Ministry of War likewise tell mainly to the advantage of grain storage societies. Co-operative societies generally have been much benefited by the substitution of purchase by bargain in the place of purchase by tender. That applies to individual producers as well. However, for reasons of obvious convenience the Ministry purchases by preference from co-operative societies. The quantities so disposed of are not inconsiderable. In 1900 the Lower Austrian Union alone sold to the Ministry of War 565 truck-loads of produce; in 1902, 1440 truck-loads. The Bohemian Union has likewise done a fair amount of business with the Department. However, the main benefit of the arrangement is held to be the encouragement given by open evidence of goodwill rather than the value of goods taken. In this respect further advantages are still looked for in the sense of the Report presented by a Commission of Inquiry of 1901, which advocates direct business between the War Office and agriculture, to the partial exclusion of the trade.

The Government has been a great deal importuned to afford co-operation in agriculture further substantial assistance in the shape of money. And although nothing has yet been actually decided upon, the position which the Government has taken up appears to promise early and material concessions. The first demand made was that of a reserve of working capital for central banks, to safeguard them in the event of an exceptional call upon their resources. The examples of the Prussian Central State Bank, endowed with

50,000,000 M., of the Hungarian Central Credit Association, endowed with 3,000,000 K. and of the Central Bank of Lower Austria, which has 2,000,000 K. placed at its disposal in this way, have been quoted in support of the claim. It has been pointed out that all control and inspection by public authorities, however undoubtedly valuable, will not enable co-operative credit institutions to act satisfactorily if there is not sufficient money. Opinion is not generally favourable to the creation of a State-endowed central bank after the pattern of the Prussian. But a proposal has been submitted that the State should come in aid of mortgage credit to remove encumbrances, and so to leave co-operative societies free to deal in personal credit only.

All these proposals are under consideration. Communications upon them have repeatedly taken place between the Ministry of Agriculture and the Ministry of Finance, and there is reason to expect that something substantial at any rate of what is asked for will in due course be granted.

## II. INDUSTRIAL CO-OPERATION.

*According to Information supplied by the Austrian Ministry of Commerce.*

ASSISTANCE by the State, supplemented to very nearly the same extent by local governing bodies (*Landesausschüsse*) and Chambers of Commerce and Trade, is given in Austria to industrial co-operative societies as part of a larger scheme for supporting small trade. It is considered desirable on public grounds that such trade should be assisted in its struggle with the constantly increasing larger manufacturing establishments. The matter was first mooted in Parliament in 1891 by Dr Menger, and in 1892 the Government obtained a grant of 20,000 K. (£800) for that purpose. Annual grants have been made regularly since in an increasing ratio, with which the additional grants voted by the local bodies mentioned have, generally speaking, kept pace. Thus in 1903, the last year for which there is a full record, 677,300 K. (£27,092) was voted by Parliament, and 676,470 K. (£27,060) by local bodies. The vote asked for by the Government in 1904 stood at 706,000 K. (£28,240). Up to 1903 (inclusive) something like 8,000,000 K. (£320,000) had been laid out in one way or another to assist small trade. In consideration of the magnitude of the operations and the importance of the work, a distinct Department has been formed in the Austrian Ministry of Commerce to take charge of the matter.

Co-operative institutions have been formally included in the scheme since 1897, and loans to co-operative societies

have been authorised since 1898. However, it will have to be borne in mind that not all societies that are called "co-operative" are working-men's societies. The original idea was to assist "middle class" trade by instruction and material help, the latter to be rendered mainly by the promotion of co-operation among small masters and independent artisans for the joint purchase or hire of "power," which only in this way could be made cheaply accessible to them, or of perfected appliances. In societies formed for such purpose (*Werkgenossenschaften* and *Maschinengenossenschaften*) a number of persons combine to obtain either power or machinery, or both, of which each uses his own share for his own individual benefit. There are also societies for the joint purchase of raw material (*Rohstoffgenossenschaften*) and for the joint maintenance of warehouses for the sale of the articles which each has produced individually and sells for his own account (*Magazingenossenschaften*). However, there are also productive co-operative societies of workmen, more particularly in the shoemaking, joinery, tailoring, carpentering, locksmiths' trades, and so on—societies recruited indifferently from all the various races speaking different languages, of which the population of the Austrian monarchy is made up.

Something of a guarantee for the *bonâ-fide* co-operative character of such societies, whether composed of small masters or of men, is taken by the provision that the rules which they adopt must be in general accordance with those authorised by the *Allgemeiner Verband der auf Selbsthilfe beruhenden deutschen Erwerbs- und Wirthschaftsgenossenschaften* of Austria, that is, the recognised union of co-operative societies of the Schulze-Delitzsch type. All the necessary procedure to be observed, the bookkeeping to be adopted, the proper methods of auditing, &c., are fully explained in a separate volume issued by the Department. In addition, to instil a proper knowledge of co-operation, courses of instruction in practical co-operation are included in the educational programme carried out by the Department.

Education and technical instruction paid for out of the sums voted stand for a great deal in the assistance given to small trade. There are courses of instruction for masters, for journeymen, for apprentices. There are itinerant lecturers travelling about the country. There are periodical exhibitions. There is a permanent industrial museum at Vienna, and there are similar institutions on a smaller scale at Prague, Reichenberg, Brünn, Klagenfurt, Innsbruck, and some other provincial towns. Young men are sent about at public

expense to visit model establishments, and so on. In all these matters one of the classes distinctly given a preference is that of members of recognised co-operative societies.

Machinery and appliances are supplied either on hire or for purchase by instalments, no interest being charged on the principal in the latter case. Thus from 1892 up to 1903 appliances priced collectively at 968,254.85 K. (£38,732)—in addition to some belonging to the Department, of which the value is not given—were placed at the disposal of 200 organisations, consisting mainly of co-operative societies. From the figures here stated 187,809.97 K. have to be deducted, as being contributed in part by the local Diets of Bohemia, Moravia, Lower Austria, the Tyrol, Styria, and Silesia, in part by the Chambers of Commerce and Trade of Lower Austria, Reichenberg, and Troppau, and also by the Savings Bank of Carlsbad, thus leaving 780,444.99 K. defrayed by the State. These appliances include sewing machines for the Sisters of Charity of Cracow, silk reels for a local educational committee, and so on; but consist mainly of machinery, in some instances entire installations, running into hundreds of pounds, up to £1,000 and £1,200, for co-operative organisations, either of masters or of men. The number of prime movers, looms, planing benches, and various kinds of machinery supplied in this way at a cheap rate is very considerable.

Loans are granted distinctively for the purpose of promoting co-operative productive societies of one sort or another adopting rules substantially identical with those of the Schulze-Delitzsch Union. The money loaned is, as a rule, intended to serve the purpose of providing additional working capital, and is lent out for purposes of installation only in cases in which a substantial proportion of such installation has been already provided by the society in question. The loans vary in amount from 600 K. (£24) to 16,000 K. (£640). In the majority of cases they range from £40 to £240. The rate of interest is not fixed, but it has thus far been maintained at  $3\frac{1}{2}$  per cent. From 1898 to 1903 inclusive, in all 400,000 K. (£16,000) was lent out in eighty-one advances to sixty-five societies. Of these seven have gone into liquidation, and two have become bankrupt. Of the seven going into liquidation three previously repaid their loan in full, four only partially. Of the liabilities of the bankrupt societies likewise a small part has been repaid. The remaining societies are reported to have paid interest promptly.

Apart from such direct assistance, the Ministry of

Commerce uses its influence to obtain for the societies which it has taken under its protection contracts with public authorities. In this way various contracts given out by the Ministry of War have been obtained by co-operative societies. There seems to be no record kept of these transactions. Annual grants, amounting severally to 8,000 and 6,000 K., have also been paid since 1901 to the credit associations for the German Union of Co-operative Societies, formed at Brünn in 1901 at the suggestion of Dr Stefan Licht.

### (B.) LOWER AUSTRIA.

*According to information received from the Landesausschuss.*

No Diet under Hapsburgh rule has done more in support of co-operation of the agricultural type than that of Lower Austria. As a consequence, recorded with pride, agricultural co-operation appears nowhere more developed. The number of agricultural Raiffeisen banks established in the Archduchy exceeds 500.

The official return for 1903 shows that, apart from large endowments, as that of the Central Agricultural Bank with 200,000 K., which is to be supplemented with a drawing credit of 2,000,000 K.—or of 4,000,000 K. if the State should follow the example set by the Diet—as much as 100,304 K. was voted in aid of agricultural co-operation in that year, and actually 103,412 K. was spent. The amounts vary from year to year according as need is held to arise in any particular quarter. The 103,412 K. include 5,400 K. paid to agricultural banks, 590 K. to other co-operative societies, 6,000 K. to grain-storing societies (which are at the same time subsidised by the State), 23,000 K. to vinegrowers' societies, 4,600 K. to the union of co-operative societies, 2,000 K. to beekeepers' societies, 600 K. for new samples of wheat to be tested at the testing station, 21,822 K. was spent in travelling expenses of "revisors," auditors, and organisers, 9,400 K. was given to co-operative dairies, and, in conclusion, 30,000 K. was employed in advances to one vinegrowers' association and two grain-storage societies, repayable, but bearing no interest.

Apart from the money thus voted by the Diet, agricultural co-operation has in Lower Austria a considerable fund, bearing the name of the "Colloredo-Mansfeld Fund" at its disposal, the amount of which stood at the close of 1903 at 264,166 K., which was held as a loan by the Central Agri-

cultural Bank for the purpose of making out of it advances to local agricultural banks at the rate of 2 per cent.

The Austrian War Office also assists agricultural co-operation by purchasing produce from those who practise it. In 1902 its purchases amounted to 1,440 truck loads.

Agricultural banks of the Raiffeisen type are the declared favourites of the Diet. Ever since 1888, when they were first introduced into the Archduchy, it has taken them under its special protection, assisting them at first with a free grant of 500 K. to each, on formation, which grant subsequently became reduced to 400 K., and eventually to 300 K. The grant implies submission to Diet inspection and audit, which is intended as a benefit. For the Diet complains that one of the chief obstacles to be overcome on the starting of such a bank is the want of good business-like guidance and book-keeping. It is found to be not enough that its officers inspect and audit, they must actually begin by keeping the books themselves and training bookkeepers. It is for this purpose above all things that public money is needed for their support. The grants from the Diet are also to provide some trifling remuneration for the manager.

Next to agricultural banks, grain-storage societies (co-operative granaries) are particularly favoured by the Diet. Thanks to its countenance and help, there are at present 21 such storage societies in existence in the Archduchy, more than in any other Austrian territory. These societies do not by any means yet all pay their way. The latest report, however, asserts them to be doing better than before. They are considered extremely useful as paving the way for successful disposal of agricultural produce, as, for instance, by sale to the War Office, which buys from them. The elimination of the middleman results in a better price to the vendor, which is reported to have meant in 1901 a difference to his advantage, in the case of wheat of 2d. to 5d. (but in some cases as much as 8d.) per metric quintal, in the case of barley of 5d., and in the case of rye of from 4d. to 10d. Sixpence per metric quintal means 1s. 1d. per quarter. The milling trade at first showed itself seriously aggrieved at the formation of storage societies, which it regarded as competitors. It is, however, reported to have been reassured, and even in many cases to have found the co-operative granaries a direct convenience to itself, more specifically by reason of the return trade in bran, crushed corn and the like, in which they engage. The Diet is not the only body to assist storage societies. The State pays 250,000 K. every year in their support, of which sum 70,000 K. goes to societies in

Lower Austria. In 1902 the Diet added 27,000 K. in free grants. It also maintains an expert miller as organiser and inspector.

Much money has been paid to vinegrowers' co-operative societies, but not with altogether satisfactory results. The "Winzerhaus," which was intended as a focussing centre some years ago, made a heavy loss, which reduced the grant of the Diet in the hands of the Central Bank from 200,000 K. to about 54,000 K., and in all there are at present only eight such societies in the Archduchy. The accounts for 1902 show that in that year 26,000 K. was expended in grants to vinegrowers' societies.

The sums to be expended in 1904 in support of agricultural co-operation amount to 300,000 K.

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### (C.) UPPER AUSTRIA.

*According to information supplied by the Landesausschuss.*

THE Upper Austrian Diet assists co-operation in both its principal forms, viz., agricultural and industrial. Agricultural co-operation obtains the larger share of the help given, and more specifically so the type of agricultural co-operation identified with the name of Raiffeisen.

Since 1888, when Raiffeisen agricultural banks were first introduced into the Archduchy by authority of the Diet, the *Landesausschuss* had granted cheap advances, at the rate of 3 per cent. interest, to banks of this type, to provide them with working capital. The amount should not in any one year exceed 200,000 K. (£8,000), and has, in fact, only once, in 1893, reached 150,000 K. On an average it has stood at 55,226 K., totalling up to 828,200 K. (£33,136) for the whole fifteen years. In addition, the Diet also allows to each newly forming Raiffeisen association, in aid of its formation expenses, a loan of 200 K. (£8), for which no interest is charged (the total allowed in fourteen years stands at 38,800 K., equal to £1,552).

The action of the Diet has been supplemented on precisely the same ground by credit made available for societies of the identical sort by the three savings banks of Linz, Steyr, and Wels, which have severally placed amounts of 100,000 K., 40,000 K., and 20,000 K. at the disposal of societies of the kind at 3 per cent. interest, and made repay-

able by ten equal annual instalments; and in addition 200 K. for each society free of interest, and repayable within five years.

The Diet has furthermore helped the co-operative society of teazle-growers with loans repayable within ten years, on which  $3\frac{1}{2}$  per cent. interest is charged. 32,000 K. has been advanced in this way, and the balance now remaining is to be cleared off in 1912.

Once more the Diet has assisted the Central Co-operative Bank, formed at Linz in 1900, with annual subventions of 5,000 K. during the past three years.

It has also subsidised co-operative dairies to the extent of 10,000 K. in 1903, and further helped the dairy movement by contributing 250 K. towards the Butter Exhibition held at Wels in 1902, and advancing 20,000 K. at 4 per cent., repayable within four years, to the Central Butter Sale Society at Scharding. Towards the remuneration of their manager it has furthermore granted 2,000 K.

The Diet has also joined the General Union of Agricultural Co-operative Societies of Austria, and paid in contributions since 1899, 1,858 K.

Almost since the first introduction of courses of technical instruction for bookkeepers and accountants organised by the Raiffeisen societies, the Diet has afforded this form of co-operative effort valuable help. During the first two years, 1896 and 1897, indeed, no help was needed. Since 1898, the Imperial Government has helped with at first 400 K., later 500 K. subvention per annum. This was spent in grants for travelling expenses, and a temporary sojourn at Linz to students at such courses.

The Diet took upon itself the remuneration of the teachers at the rate of at first 80 K. and now 200 K. each year.

The Diet has also rendered assistance in matters of the control, auditing, and supervision of co-operative societies of the sort referred to required by the law. It acts through officers whom it pays as "revisors" to the societies, to such an extent that actually no expenses arise under this head to the banks themselves.

The number of these at the present moment includes 117 Raiffeisen banks, 11 co-operative dairies, the Central Butter Society, the Teazle-growers' Society, and the Central Co-operative Bank for Agricultural Co-operative Societies. The Diet pays the principal officer employed 3,400 K., and nine other officers already employed by the *Landesausschuss* or the Mortgage Bank of the Archduchy, travelling expenses. The total expenditure incurred under this head during the



fifteen years that the "revision" has been in progress has amounted to 61,768 K.

Assistance from public funds has been given to industrial co-operation since 1897.

The form first, and still particularly favoured, is that of societies combining to purchase or hire for common use, power, machinery, instruments, and the like. The Diet insists as a condition to its assisting, that the commodities obtained shall be placed equally within reach of all members.

Assistance is also given towards the creation and maintenance of common warehouses, salerooms, &c., for the most part in the shape of loans bearing moderate or no interest, and repayable within ten years. Non-repayable grants are made towards exhibitions, and in conclusion purses are awarded to artisans for technical instruction. To meet all these outgoings the Diet has since 1897 voted regularly each year a credit which was at first limited to 6,000 K., but has now risen to 12,200 K.

Out of such credits the following grants and advances have been made:—

- (a.) Within ten years 28,014 K. in loans repayable within seven years by equal instalments.
- (b.) Within six years 6,230 K. in grants in aid of exhibitions.
- (c.) Within two years 1,970 K. towards courses of technical instruction.
- (d.) Within seven years 5,840 K. in purses for students at such courses.
- (e.) Within five years 13,815 K. in various other ways.

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#### (D.) BOHEMIA.

*According to information supplied by the Landesauschuss.*

THE Bohemian Diet affords assistance in the shape of money grants to co-operative establishments which are designed to benefit agriculture, more particularly grain storage societies. In addition to this, agricultural co-operation has, like industrial, the "König Franz Joseph I. Landesjubiläum Creditfonds," created in commemoration of the present Emperor's jubilee in 1898, to draw upon for credit.

The assistance given by the Diet to grain storage societies is supplemented by similar assistance from the State. In the year 1900, 300,000 K. was set apart for this purpose by

the Diet, viz., 200,000 K. to be dealt out in subventions, and 100,000 K. in advances repayable but bearing no interest. Of that sum only 180,397 K. under the first head and 118,608 K. under the second was actually allotted to each, and only 67,386 K. under the first head and 42,557 K. under the second was really expended. To these sums must be added 553.14 K. allowed for travelling expenses on a journey of inquiry into Lower Austria and Bavaria for the study of grain storage establishments. Whatever grants are made to grain storage societies are made on the distinct understanding that the societies in question raise at least 70 per cent. of the first outlay by means of shares issued, or else a Government subvention, or a money grant from local authorities. The rule generally observed is that from 30 to 33 per cent. should be raised by means of shares, 25 per cent. either in the same way or by a State subvention, and either 17 or 20 per cent. (to make up 50 per cent. in conjunction with the first item) by other means, *i.e.*, loans, or additional grants. Also the Diet requires that provision should be made for early paying up in full of the shares issued to members. Supposing that on inquiry all these things are found satisfactory, the loan granted by the Diet is made repayable in ten equal annual instalments, the first of which is not considered due until after the lapse of six years, during which no repayment of capital is insisted upon.

Other agricultural co-operative enterprises (dairies and the like) are assisted in much the same way, and in 1901 precisely the same amounts were voted in their favour as had been allotted the year before to storage societies, viz., 200,000 K. subvention and 100,000 K. advances free of interest. Within the three years 1901, 1902, and 1903 (only nine months of 1903), in all 423,889.73 K. (£16,956) was allotted in the shape of subventions and 290,013.85 K. (£11,600) in the shape of advances, and severally 335,659.38 K. and 481,721 K. was really expended. Allowance of the grants is made dependent upon the officers of the Diet being satisfied that the co-operative enterprise proposed is really called for, that there is a prospect of success, that the establishment is set up within easy reach of convenient means of transport, and that it is not begun on too ambitious a scale. Co-operative supply is not particularly favoured in this respect, but it is tolerated so far as it applies only to articles of a distinctly agricultural nature. The supply of articles required for personal or domestic use is not permitted to agricultural supply societies.

The "König Franz Joseph I. Landesjubiläum Creditfonds"

was created in 1898 in two divisions, one to benefit small cultivators, the other to benefit small trade. Each division was endowed by the Diet with 1,000,000 K. to be paid up in ten equal annual instalments. In respect of its advances for agricultural purposes, the fund has adopted rules rather similar to those laid down for advances by the Diet to grain storage societies. That is, the claimant society is required to show that it raises 30 per cent. of its first outlay by shares or grants from other sources. Provided that this is done, the fund is willing to advance in approved cases up to 50 per cent. of the outlay, on condition that the advance is repaid by means of ten equal annual instalments beginning after the close of the first three years. The rate of interest charged is nominally  $4\frac{1}{2}$  per cent., but in reality only 4 per cent. with the right reserved of raising it to  $4\frac{1}{2}$  per cent. Within the first two years of its existence the "König Franz Joseph I. Landesjubiläum Creditfonds" advanced in this way to grain storage societies 191,000 K. (£7,640), to co-operative dairies 43,600 K. (£1,744), and to other co-operative societies 37,000 K. (£1,480); moreover 18,000 K. for current management purposes (not first installation), and 4,000 K. (£160) to a Raiffeisen village bank to provide means for an advance for land improvements—all in all 293,600 K. (£11,744). Of that sum 127,000 K. went to Czech societies and 166,000 K. to German. Credits actually granted to the collective amount of 537,000 K. (£21,480)—most of which, viz., 348,000 K., was allotted to 87 Raiffeisen village banks—was not expended, because applicant societies had failed to comply with the conditions laid down. In the next year—the last for which there are returns—275,300 K. was disposed off in ten advances, mainly to dairies, but also to two chicory roasting houses, a distillery, and some other establishments. At the close of 1902 there was in all 559,300 K. (£22,372) outstanding on advances on the agricultural account. Since then a new arrangement has been come to with the Bohemian "Landesbank," which acts as the fund's cashier, under which the interest charged has been lowered so as to stand always  $\frac{1}{2}$  per cent. below the official discount rate of the Austro-Hungarian Bank.

The industrial division of the "König Franz Joseph I. Landesjubiläum Creditfonds," up to the close of 1902, lent out to co-operative societies of the industrial order in all 739,072.13 K. Such advances are granted only for short terms, originally by means of discounts. However, the method of current accounts (over-draft) now predominates. Stamp duty upon money transactions has been found op-

pressive for societies. Accordingly, the fund has taken over such charge to its own account. There has been some trouble with very impecunious and feeble societies, some of which, more particularly small credit societies, appear to have really relied for their capital almost exclusively upon the advances received from the fund. In some instances, the fund has for better security taken the management of the funds of the assisted societies altogether into its own hands. Some societies assisted have constituted themselves close corporations and refused to admit new members. The number of societies assisted embraces practically every known form of co-operative association, that is, credit, supply, distributive, and productive, but mainly productive. In some cases the advances are said to have proved of distinct and manifest benefit. Thus butcheries and tanneries have done exceedingly well with the borrowed money, and the fund has considered itself justified in advancing to butchery societies on the security of their buildings more than the buildings are worth, because the trade is supposed to be worth something. Supply societies—mainly for the purchase of raw material—have likewise benefited appreciably, and their success has helped to keep down prices of the articles dealt in generally for the common benefit by means of their competition. Also the purchase of machinery, to be paid for by small instalments, has proved of signal benefit. On the other hand, some societies have gone down in spite of the help given. Salerooms for joiners and cabinetmakers have proved useless without trade. But generally speaking, the action of the “König Franz Joseph I. Landesjubiläum Creditfonds” has had the effect of making it the financial centre of all industrial co-operation.

Among other things, its action as a “revising,” *i.e.*, inspecting authority, is much appreciated, and societies are known to have placed themselves under it for this purpose which have thus far shown no sign of any wish to borrow.

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### (E.) BUKOWINA.

*According to information supplied by the Landesausschuss.*

THE Bukowinian Diet allows subventions to agricultural banks of the Raiffeisen type, and also renders assistance to the few co-operative dairies (only two at present) thus far established in the Duchy.

The latter class of societies, based upon the limited

liability principle, receive assistance in money from the Imperial Ministry of Agriculture sufficient for their first installation. The Diet assists them with loans at 4 per cent., according to requirements.

The number of agricultural banks of the Raiffeisen type in existence in the Duchy was in 1903, 171. The assistance rendered to them in that year was as follows:—

|   |                  |            |
|---|------------------|------------|
| (a) Subventions for their first installation        | - - -            | 88,200 K.  |
| (b) Loans at the rate of 4 per cent. interest from— |                  |            |
| (aa) Public funds of the Duchy                      | 203,300 K.       |            |
| (bb) The Poor fund                                  | - - - 205,858 K. |            |
| (cc) The special Radautz granary fund               | - - - 53,400 K.  |            |
|   | <hr/>            | 462,558 K. |
|   |                  | <hr/>      |
|   |                  | 550,758 K. |

equal to about £22,032.

#### (F.) CARINTHIA.

*According to information supplied by the Landesausschuss.*

THE Carinthian Diet has allowed subventions to co-operation, more specifically agricultural, for a considerable time back with a view to furthering its extension, more particularly that of agricultural banks of the Raiffeisen type. It holds that its efforts have been distinctly successful and have conferred benefit upon the country. The number of Raiffeisen agricultural banks has by such means been considerably increased. Up to the end of 1903, 8,300 K. in all was paid to such agricultural banks in gifts of 100 K. each for first installation. Sums amounting in all to 15,200 K. were advanced to 39 societies of the same type in various loans at 3½ per cent. interest. Moreover, the union of such banks, formed in 1896, has from its foundation up to the time of its conversion into the *Landesverband*, received annual grants of, at first 327 K., since 400 K., which are not repayable. Also the Diet has, in response to an appeal from the said union, organised and endowed a banking centre (*Geldausgleichsstelle*) at Klagenfurt, which is understood to have rendered excellent services to agricultural co-operation.

Considerable deposits have been paid into that centre by societies, on which 4 per cent. interest is allowed. The

centre had also granted loans, for which the Diet provided the funds, and of which 90,130 K. remain at present outstanding. In 1901 the union already spoken of was converted into a *Landesverband*, a union distinguished from the old one by adopting limited liability in the place of unlimited. The Diet then increased the annual grant to the union from 400 K. to 1,400 K. At the same time it took power to assist Raiffeisen societies by receiving their surplus deposits generally and allowing overdrafts on current accounts to such among them as might stand in need of such aid. Various subventions have also been given to co-operative dairies and grain-storage societies (co-operative granaries).

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### (G.) CARNIOLA.

*According to information supplied by the Landesauschuss.*

LITTLE was done for co-operation in Carniola before 1895. However, since that date, the Diet having learnt to appreciate the benefits resulting from co-operation to agriculture and to the industrial classes, has shown readiness to assist it with money and with countenance and moral support. The forms of co-operative organisations chiefly favoured are co-operative dairying, and some forms of industrial co-operation. The grants voted in various years are as follows:—

- 1895. An advance of 4,000 K. to the co-operative nailmakers of Kropp.
- 1896. 8,000 K. invested in shares of the same society as a means of assistance.
- 1897. An advance of 1,000 K. to a co-operative dairy.
- 1898. Advances amounting in all to 1,900 K. to various co-operative dairies.  
Two grants of collectively 140 K. to two co-operative dairies.  
A grant of 300 K. to a co-operative boot and shoe society in Laibach towards technical instruction.  
2,340 K. in all.
- 1899. Grants of collectively 1,860 K. to five co-operative dairies.  
A grant of 200 K. to the co-operative boot and shoe society of Neumarkt for technical instruction.  
2,060 K. in all.
- 1900. A grant of 1,000 K. towards the formation of a co-operative society for improved cattle-breeding.

Several grants amounting in all to 4,625 K. to nine co-operative dairies.

5,625 K. in all.

1901. Grants of collectively 4,600 K. to nine co-operative dairies.

A grant of 600 K. to a co-operative society for the purchase of raw material for shoemakers in Laibach.  
5,200 K. in all.

1902. Grants of collectively 1,870 K. in all, to five co-operative dairies.

1903. Grants of collectively 1,800 K. to five co-operative dairies.

Thus, in all, within nine years 31,895 K. (£1,276) have been expended.

In 1903 co-operative dairies for the first time received further assistance in the shape of the services of an expert cheese-maker, paid by the Diet at the rate of 2,426 K. per annum, which raises the sum total of disbursements made in aid of co-operation to 34,321 K. (£1,372).

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## (H.) GALICIA.

*According to information supplied by the Landesausschuss.*

THE co-operative movement in Galicia dates actually from the year 1860, but cannot be said to have become a serious factor in economic life till 1873, when the co-operative law of Austria came into force. The very next year (1874) witnessed the formation of the Union of Galician Co-operative Societies, having its headquarters at Lemberg, which event imparted a considerable stimulus to the movement, exerting its force up to the present time. By the end of 1902, 1,271 co-operative societies had been registered, among them 1,009 credit societies. Within the same period 307 societies had been wound up; accordingly there were 964 remaining.

Up to 1889 it was exclusively societies of the Schulze-Delitzsch type which were formed, the majority of members being agriculturists. In 1899 the first society of the Raiffeisen type was registered.

State aid was given to co-operation up to 1899 only in the shape of annual contributions to the cost of publishing the *Zwiazek*, that is, the organ of the Union of Co-operative Societies, and of grants made in aid of the formation of five societies of the Raiffeisen type, and seven others, to the amount of from 200 to 1,000 K. in each case, and 13,938 K.

altogether. Since 1899, however, the *Landesausschuss* has adopted a fixed plan in dispensing its favours, with a view to promoting the formation of Raiffeisen societies. The principles determining that plan are laid down in the resolutions adopted by the Diet on 16th March 1899. They are as follows:—

(1.) The *Landesausschuss* is hereby commissioned to exercise a power of patronage in support of such Raiffeisen societies as accept the model rules framed by itself.

(2.) To this effect it sets apart a fund of 2,000,000 K. to be appropriated to advances to be made to Raiffeisen societies.

(3.) The Diet in addition places sufficient funds at the disposal of the *Landesausschuss* to defray the annual expenses (a) of maintaining a special Bureau to deal with matters affecting Raiffeisen credit societies; (b) of instituting courses of instruction for employees and committeemen of such societies; and (c) of making grants to Raiffeisen societies newly forming for the purpose of first expenses.

The Bureau is under instructions to give information and advice, whenever required, to co-operate in the formation of new societies, to supervise their action (instituting a formal "revision" on the spot at least once every year, and exercising continuous control in the matter of accounts and balance-sheets), to advise in respect of credit to be allowed to such societies, to provide them with forms for balance-sheets, account books, and other printed matter for office use, to issue suitable handbooks, pamphlets, circulars, and similar propagandist matter for the use of agricultural societies, and to provide annually two courses of instruction for from thirty to fifty persons.

Co-operative societies of the Raiffeisen type receive credits either in the shape of specific advances secured by note of hand repayable within ten years by half-yearly instalments or else in that of a current account. A further advantage conceded to them is this, that the official *Landesbank* serves them as central institution, thereby making the formation of a Central Bank of their own unnecessary.

Up to 1903 the *Landesausschuss* recognised 267 Raiffeisen societies as coming under its own patronage, and such societies received first endowment grants to the amount of collectively 106,800 K., that is, 400 K. in each case. (There are thirteen independent societies of the same type besides in Galicia which have not placed themselves under official patronage.)

At the present time (31st March 1904) the number of Raiffeisen societies under official patronage is 297, but 26



more are in course of formation awaiting registration, and about to become entitled to State grants.

The total amount of money appropriated by the *Landtag* for the year 1904 in aid of the Raiffeisen societies, to be employed in various ways, is 62,231 K. An additional imperial grant of 10,000 K. is looked for.

Raiffeisen credit societies having been thus provided for in what by the light of five years' experience appears adequate assistance, the *Landesausschuss* has directed its attention to co-operative dairies, which it has likewise decided to favour. Model rules to be adopted by co-operative dairies desirous of receiving official assistance have already been issued. The *Landesausschuss* proposes to exercise its patronage by (1) giving gratuitous supervision, advice, and information; (2) making grants towards first expenses amounting in each case to 400 K.; (3) making advances out of a special public fund up to 75 per cent. of the value of the share capital at 3 per cent. interest; (4) adding further assistance, determinable according to the merit of each case, to dairies employing steam power. In the fifth place it is expected that the State will provide the most important dairy implements gratuitously out of imperial funds.

There are also 5 co-operative societies for the reclamation of bogland which have received grants of 400 K. each, and loans of 1,000 K. bearing no interest.

In conclusion it is intended that assistance from public funds shall be given to grain storage societies. The *Landesausschuss* is, however, awaiting more conclusive evidence of good results obtained elsewhere than it at present possesses, before it definitely decides upon action.

Apart from co-operative societies proper there are in Galicia a number of district societies (*Kockarolnietze*) existing since twenty-one years, which embody a primitive indigenous form of co-operative action. They rather resemble French agricultural syndicates. There were at the close of 1903, in all 1,850 such societies with collectively 67,490 members. These have received assistance from the Diet since the date of their first formation, which has since increased in volume. For the year 1904, 39,000 K. has been put down in the Budget under this head. There is also a public fund of 70,000 K. at their disposal for advances.

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## (I.) ISTRIA.

*According to information supplied by the Landesausschuss.*

THE Diet of Istria in 1899, to commemorate the fifty years' jubilee of the Emperor Francis Joseph, created, with an endowment of 50,000 K. (£2,000), a "Fondo Giubilare Francesco Giuseppe I.," to render aid to agricultural banks and cognate organisations, and also to *crèches* and other institutions formed to benefit small children. The fund is authorised to assist every agricultural bank newly formed, whose rules have been approved, but only *after* effective formation, with 400 K., and a union of such banks with 800 K., in either case free of interest, with repayment spread out over twenty years. In addition to this, as far as circumstances warrant it (of which point the Diet constitutes itself sole judge), it may assist agricultural banks with repayable loans bearing interest at 3 per cent. It is especially provided that the Diet shall act as "revisor" to the banks which are its debtors, obtaining thereby access to all its books, &c., at all times, with liberty to examine them. The interests and repayments are to be employed for new advances, or if such are not applied for, in the purchase of interest-bearing public securities. In any case the principal of the fund is not to be encroached upon. Should there not be any agricultural banks calling for assistance, or only too few to employ available funds, advances may be made at a low rate of interest, but not under 3 per cent., to congenious societies benefiting artisans, labourers, fishermen, and the like. So far as the funds permit the incoming interest may also be employed, as well as the interests on investments in public securities, in subventions to *crèches*, or, failing such, to similar institutions. The claims for advances and grants have multiplied since the fund was started, so as to absorb, at the close of 1903, 42,147 K. in interest-bearing loans and 5,100 K. in others. The principal has remained intact.

When creating the "Jubilee Fund," the Diet at the same time voted a small grant of money for "promoting the development of agricultural credit societies." The grant has been repeated every year since, and has recently been increased to 6,000 K. It is employed (*a*) in the endowment of courses of instruction for treasurers and secretaries of agricultural banks; (*b*) in grants to feeble banks, to enable them to defray their management expenses; (*c*) in the supply of account books, approved rules, savings bank books, and other printed matter to agricultural banks, free of cost. The grants actually made stood in 1902 at 602.30 K. for technical

instruction and 2,400 K. for feeble banks, that is, 3,002.30 K. in all, and in 1903 at 3,200 K. for feeble banks and 2,643.80 K. for account books, &c., that is, 5,843.80 K. in all. The instruction referred to has been given only once, in a course at Pola. But it is to be taken up afresh. The grants in aid of feeble banks went in 1902 in sums of 200 K. each to twelve banks, in 1903 in sums of 200 K. each to nine banks, and in sums of 150 K. each to six others. The grant for printed matter is intended as a means of bringing about uniformity in bookkeeping, returns, &c.

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### (J.) MORAVIA.

*According to information supplied by the Landesausschuss.*

As a means of benefiting agriculture, the Moravian Diet makes grants to agricultural banks of the Raiffeisen type, dairy societies, grain storage societies, and agricultural productive societies of various types, and also to "water," i.e., drainage societies. Thus the central union of German agricultural credit societies (of the Raiffeisen type) received in 1901, 10,000 K. towards the cost of erecting a building, and, moreover, annual subventions of 4,000 K. severally in 1900 to 1902, afterwards of 8,000 K. annually, the Czech Union drawing the same annual grants. In addition, 3,600 K. has been paid annually in the shape of grants to local agricultural banks of the same type. Dairy societies have since 1902 received a fixed annual grant of 6,500 K. independently of an annual grant of 6,000 K. made since 1900 for purposes specifically of "revision" (inspection), and two special items of collectively 1,600 K. given in 1900 and 1902. The grants made to grain storage societies amounted in 1900 to 25,600 K., in 1901 to 14,000 K., in 1902 to 200 K., in 1903 to 11,000 K., and in 1904 to 500 K. A flax dressing society received 4,000 K. in 1902, a corn milling society 600 K. in 1903 and 1904, several breeding societies benefited to the extent of 10,000 K. between 1900 and 1904, a slaughter house society received 200 K. in 1903 and 1904, a cabbage pickling society 5,500 K. in 1903 and 1904, various societies manufacturing fruit products 15,320 K. within the last five years, several vinegrowers' societies 1,800 K. in the last two years, a fishing society annually 100 K. since 1900, and various societies producing starch and potato spirit 11,000 K. within the last two years. Drainage societies received in 1903 alone 135,947 K. In the same year a

resolution was carried in the Diet to try to come to an understanding with the Imperial Government for raising the grant habitually made to drainage societies from 30 per cent. to 60 per cent. of the actual cost.

The Diet assists industrial co-operation with grants, the bestowal and amount of which are adapted to circumstances without any fixed rate being laid down. In the period from 1893-94 and 1901-02 in all 247,400 K. (£9,896) was expended in this way. The grants have been growing larger from year to year. Thus the grant for 1896-97 was only 18,400 K., the grants for ensuing years were as follows: 1900, 24,000 K.; 1901, 32,700 K.; 1902, 33,700 K.; 1903, 62,400 K.; 1904, 47,000 K.

The grants are not in every case actually taken up, although voted, because the applicants sometimes fail to comply with the conditions laid down.

The co-operative organisations subsidised in the manner indicated include the two central unions (German and Czech) of industrial co-operative societies, the joiners' societies of Iglau and Prossnitz, the clothmakers' society of Klobauk, and some others. However, beyond this money voted specifically in its aid, co-operation benefits by other grants made in support of industrial exhibitions, industrial museums, the encouragement of certain industries (156,200 K. was granted for all these purposes in the period referred to) as well as in support of education (1,477,140 K. in the period spoken of). Since 1896 there has been a talk of the formation of a Co-operative Central Bank, to be endowed by the State (Austria), and to serve as a centre to facilitate personal credit to small folk alike in respect of industry and of agriculture. However, nothing has so far been done.

The co-operative societies, assisted by the Diet, represent the most various callings, and both Czech and German.

Among the various forms of co-operative enterprise favoured, the Moravian Diet shows a particular preference for that which enables small industrial folk to acquire or to hire machinery, implements, and motive power. For such purposes 14,562 K. was granted in 1899, 20,000 K. each year in 1900 and 1901, and afterwards 25,000 K. each year. The State shows itself no less partial to this particular form of co-operation, and the two powers do not always find it easy to adapt the help given by one to that afforded by the other. Accordingly there is no accepted rule on which such assistance is dispensed. In respect of State aid the determining authority is the Imperial Technical Museum at Vienna. It has been found that under such direction State aid is not

unfrequently given to very small societies which thus acquire machinery which they may not have been able to turn to account for want of custom. Since 1899 the Diet no longer makes advances in money for the purpose indicated, but itself purchases the requisite articles and hands them over bodily to the claimant societies. By such means money is saved.

Since 1896 the Diet also grants small amounts, up to 400 K. (£16) per annum, for payment of artisans attending the course of technical instruction in Vienna. The necessity of such assistance was clearly demonstrated by the inability sometimes experienced by small societies, from want of teaching, to employ the machinery which a public grant had placed in their possession.

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#### (K.) SALZBURG.

*From information supplied by Dr MORITZ ERTL, Privy Councillor  
in the Austrian Ministry of Agriculture.*

THE Diet of Salzburg has afforded assistance to agricultural co-operation since 1892, when it voted a credit of 1,000 K. in aid of the formation of Raiffeisen Co-operative Societies, to be employed in advances of 100 K. to individual societies free of interest, and repayable within five years. That credit has been reduced and raised afresh several times. Since 1902 it stands at 1,000 K., having stood for three years previously at twice that sum, and the maximum amount now for single advances is 250 K., repayment being left unenforceable until dissolution of the society. In addition the *Landesausschuss* has undertaken to pay the expenses of annual inspection of the societies. Such expenses have been variously fixed at 1,000 K. and 800 K. per annum. However, the *Landesausschuss* has shown no great keenness to afford the societies the assistance of inspection by its officers. Alone among Austrian *Landesausschüsse* it has taken advantage of the wording of the law which permits it to decline having societies inspected which fail to comply with its instructions. At the same time, in conformity with a resolution of the Diet, it instituted a course of instruction to bookkeepers and accountants in 1901. Thus far such instruction has not been repeated.

The *Landesausschuss* has shown itself no more eager to comply with the wishes of the Diet to take measures for the promotion of a Union of Raiffeisen Societies. However, in answer to a petition from the societies existing it acts practically as Central Office for those societies.

The societies have taken steps, as in other territories, to obtain a formal declaration that trust moneys may be deposited with them, but have thus far failed to obtain it.

Many attempts have been made to obtain with the aid of the Diet the formation of some financial Central Office in which moneys might be balanced and credit obtained. There are, according to the return of 1902, only 40 Raiffeisen societies in the Duchy. But of these a fair proportion hold more money than they know what to do with, whereas others are in need of cash. The societies having an excess of funds are, under present instructions, required to deposit such excess in a savings bank, or else to invest it in a certain class of effects. The *Landesausschuss* has moreover declined to take action, explaining its decision among other things by the absence of a public mortgage bank to take charge of the moneys coming in, such as there are in other territories of the Hapsburg realm, and that the work proposed to it would scarcely be worth undertaking in view of the small number of societies whose funds would have to be administered, only 40, in comparison with 150 elsewhere.

However, there is reason to hope that more will be done in the future, for the *Landesausschuss* is studying what is being done elsewhere.

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### (L.) SILESIA.

*According to information supplied by the Landesausschuss.*

THE Diet of Austrian Silesia contributes help alike to agricultural and industrial co-operation, in the shape both of loans and of non-repayable grants.

Agricultural co-operative societies generally receive non-repayable grants, according to the measure of their need and to the kind of case that they can make out. The Budget for 1904 allots 4,000 K. for this purpose. The Raiffeisen agricultural banks specifically are endowed with 100 K. each for the expenses of first installation, provided that they are members of a Raiffeisen Union. The Budget of 1904 allows 1,000 K. for this specific purpose. Raiffeisen societies are also assisted, if a case can be made out, with loans at 3 per cent. interest, repayable in five years, within the limit of 2,000 K. However, such advances are made dependent upon an engagement to allow officers of the Diet to inspect the society's accounts at any time. Other agricultural co-operative societies likewise receive loans, if they can make out a case,

within the limit of 100,000 K. in all—that is, the sum voted for this purpose by the Diet in 1901—up to 25 per cent. of the expenses of their formation, at 2 per cent. interest, with 3 per cent. sinking fund. To obtain such loans the societies are required to prove that they are deserving of credit, and equal to the liability incurred, and also to obtain recognition first as *bona-fide* co-operative societies from the two existing Unions of co-operative agricultural societies in Silesia.

Co-operative drainage societies, formed for effecting the drainage of contiguous small properties in common, either receive on application the expenses refunded, incurred in the preparation of their drainage chart by a technical expert, as far as the annual grant of 1,000 K. will permit, or else they may avail themselves of the services of a technical worker, appointed and remunerated by the Diet, without paying anything. The same societies are also entitled to claim an advance to the extent of one-third of the expenses of the actual work according to the estimate, one-quarter of which is allowed free of interest, the remaining three-fourths at 3 per cent.

Industrial co-operative societies receive loans, according to the case which they can make out, out of a grant voted annually, and which for 1904 stands at 6,000 K. On such loans no interest is charged. They are repayable within ten years. They are intended to benefit small trade.

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### (M.) STYRIA.

*According to information supplied by the Landesausschuss.*

THE Styrian Diet limits its benefactions dealt out to co-operation from public money almost entirely to co-operation applied to agriculture, and among agricultural co-operative institutions it shows greatest favour to agricultural banks of the Raiffeisen type. A resolution adopted in 1893 placed a credit of 200,000 K. at the disposal of the *Landesausschuss*, that is, the administrative body of the Duchy, for assistance in the formation of Raiffeisen banks to be afforded in the following ways:—(1) Advances varying from 100 to 500 K. and bearing no interest, intended to defray the first expenses of a new bank; (2) advances up to 4,000 K. at 3 per cent. interest, to supply working capital. Acceptance of a loan of either kind implies submission to general supervision and examination of the books and accounts by officers

of the Diet. In addition the *Landesausschuss* has instructions to assist banks of the kind spoken of with advice, to place officers versed in bookkeeping, and paid by itself, at their disposal for the training of bookkeepers, and to induce financial institutions to provide them with money. The original instructions were, to recommend the savings banks to do so. That, it was found, would be contrary to the law. However, the *Landesausschuss* has prevailed upon the Styrian *Escompte Bank* to offer money at 4 per cent., which has resulted in a fair amount of business. The *Landesausschuss* has also prepared model rules for such banks, which are freely distributed to applicants through organisers, and it has granted some small favours in the shape of reduced stamp duty, remission of court fees, and the privilege of franking accorded to certain official correspondence. Though failing to carry, as was desired, the recognition of deposits in agricultural banks by the courts as lawful employment for trust money, the *Landesausschuss* has obtained the recognition of such deposits as legally available for guarantee funds (*vadium*). The *Landesausschuss* has gone further than this, countenancing and favouring agricultural banks in every practicable way, urging parishes to take steps for their formation, placing "revisors" and organisers remunerated by itself at the public service, and making itself responsible for any deficits which may arise in the publication of their specific organ, the *Raiffeisen Zeitung*. Lastly, it has lent a hand towards the formation of a Styrian Union of Agricultural Banks, connected with which is a Styrian banking "centre." The "Union" is endowed with 5,000 K., on condition of the State finding the same sum, which the State has done. Furthermore, it placed 100,000 K. at its disposal at 3 per cent., to become available as soon as membership should be secured providing liability to that amount. That condition was soon complied with, and the 100,000 K. was handed over. A further credit of 300,000 K. was offered likewise at 3 per cent., on condition of the Central Bank undertaking to advance 400 K. free of interest to every agricultural bank of the Raiffeisen type newly forming. The condition was accepted, and since 1902 that credit is being gradually drawn upon. The "Union" admits co-operative societies dealing in other commodities besides credit only; however, it is under a pledge to the Diet to admit no supply societies which deal in ordinary shop goods, like a distributive store, but only such as limit their supply strictly to agricultural requirements.

The Diet publishes every year an official return showing



the number and business of Raiffeisen agricultural banks. Their number in 1903 was 233. The return shows that within eight years, for which figures are given, from 1894 to 1901, 584,918 K. was in all advanced to such banks from public funds, and that on 31st December 1901, 345,683 K. of that amount was still in the hands of the banks.

Co-operative societies of other sorts designed to benefit agriculture have been favoured by the Diet since 1889, five years having previously been spent in inquiries on the subject. In 1899 a grant of 4,000 K. was voted for experiments. Supply societies are distinctly among the number of associations to be favoured, but, once more, it is provided that they must confine their dealings only to agricultural requirements, not interfere with shop trading. Further credits, amounting to 12,000 K., were granted in 1901 and 1902, and with the help of such funds two co-operative "Cheeseries" of some pretensions have been formed severally at St Stephan and at Gröbening. More recently, 10,000 K. further grants have been voted to each of these on condition of the State finding the same amount, which it had not yet done at the time that the Report was drafted.

The Diet in 1897 voted 20,000 K. towards the establishment of co-operative societies for the improvement of cattle-breeding, which grant has been since 1898 supplemented by an annual vote of 10,000 K. The Report mentions 14 breeding societies and 34 societies keeping bulls for common use as in existence in 1903.

The passing of a new Imperial law authorising the formation of agricultural societies to safeguard class interests (*Berufsgenossenschaften*) places a further outlet for public assistance in near prospect. The law had not been acted upon at the time when the latest Report was issued.

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## (N.) THE TYROL.

*According to information supplied by the Landesausschuss.*

THE Diet of the Tyrol has, in addition to making liberal grants for purposes of technical instruction, exhibitions, &c., both in aid of agriculture and industry, subsidised co-operation specifically by donations mainly to agricultural co-operative societies, agricultural credit societies, and societies of vine-growers. Thus, within the last eleven years it has granted 196,319 K. in support of the formation of Raiffeisen agricultural banks, the annual grants figuring in the accounts

of the last ten years, respectively at 15,900, 18,000, and even 26,500 K. annually. Within the same time 1,600 K. has been granted to credit societies of other types. Vine-growers' societies, more specifically the *Società vinicola e viticola* of Trieste, have received 116,000 K., and 611.80 K. has been in addition spent towards the purchase of vine sets. Industrial co-operative societies and unions—joiners, shoemakers, textile factories, toy-makers, &c.—have received in all 25,700 K. Grants severally of 5,360 K. and 1,900 K. have been paid to cattle-breeding and horse-breeding societies.

Taking the period year by year, 3,525.80 K. was paid in 1888, 5,000 K. in 1889, 466 K. in 1890, 480 K. in 1891, 96,414.05 K. in 1892, 75,062 K. in 1893, 16,558 K. in 1894, 29,500 K. in 1895, 19,500 K. in 1896, 26,060 K. in 1897, 24,400 K. in 1898, 25,800 K. in 1899, 39,080 K. in 1900, 56,150 K. in 1901, 4,700 K. in 1902, and 17,650 K. in 1903—all in all, 440,345.85 K. (£17,612) in sixteen years.

### (O.) VORARLBERG.

*According to information supplied by the Landesausschuss.*

THE Diet of Vorarlberg pays subventions both to agricultural and to industrial co-operative societies.

Agricultural co-operation is subsidised (a) by a grant of 200 K. allowed to every agricultural bank of the Raiffeisen type forming in the country, for the expenses of its first installation. There are at present 65 such banks. (b) By an annual grant of 1,200 K. allowed to the "*Vorarlberg Landwirtschaftsverein*," which is not itself a co-operative institution, but promotes co-operative methods; in addition by 3,000 K. allowed each year to the same society towards its prize list at cattle shows, 600 K. allowed annually towards the improvement of the breed of pigs, 1,000 K. towards the maintenance of a chemical experimental station, that is, 5,800 K. annually in all, and a special grant of 1,200 K. in 1902 towards the improvement of Alpine pastures. (c) Once more in connection with agriculture generally, by an annual grant of 2,000 K. for the improvement of breeds of cattle. (d) By occasional grants to co-operative dairies, the total of which at the present time amounts to 800 K.

In support of industrial co-operation the Diet makes the following grants:—(a) 400 K. a year to the Union of Industrial Co-operative Societies of Vorarlberg formed in 1892. (b) 600 K. as a special grant only towards the expenses of

first installation to the co-operative society of shoemakers for the common purchase of raw material. (c) 200 K. to industrial co-operative societies providing technical instruction by means of an itinerant instructor appointed by the Austrian *Gewerbeförderungsdienst* (a Special Committee of the Ministry of Commerce). The grant is to cover expenses of first installation.

## V. GERMANY.

### (A.) PRUSSIA.

WE are indebted for the following information, "collected with a great deal of trouble by the German Government," to H.M. Ambassador at Berlin, Sir F. Lascelles, G.C.B., G.C.M.G.:—

"The estimates for the Ministry of the Interior provide for State advances to be granted to building associations having among their members a considerable number of workmen in the employment of the State, or else of civil servants of the middle and lower grades. The funds for such grants are voted in special laws. Up to the present time the following amounts have been placed at the disposal of the Minister of the Interior for the purposes indicated by the laws here named, viz.—3,000,000 M. by the law of 16th April 1902, 1,141,800 M. by the law of 4th May 1903, and 5,000,000 M. by the law of 15th June 1904. The advances are granted subject to conditions laid down in a ministerial ordinance dated 3rd June 1902.\*

\* The conditions laid down in the ministerial ordinance are briefly these:—(1.) A need of improved dwelling accommodation in the locality for the class of persons interested must be shown, and the societies must satisfy the authorities that they will provide accommodation of the kind needed. (2.) The minimum membership of a society claiming should be, as a rule, 100, and the minimum share capital taken up, 30,000 M. (£1,500). A considerable number of the members must be Government employees of the kind to be benefited. Societies are required to show that their sole object is to provide healthy and convenient dwellings at reasonable rents for the poorer class of people, and that they do not pay more than 4 per cent. interest on capital. (3.) Applications must be addressed to the authorities of the province in which the particular society has its registered office. (4.) It must be shown that the requirements of the co-operative law have been complied with, furthermore what the society has already accomplished, and that adequate other funds besides the State grant asked for are effectively secured. (5.) Title-deeds and agreements must be produced, also an architect's design, estimates of prospective earn-

"So far as the grants are intended to benefit employees on State railways, the promotion of building associations by the Government is confined to associations which make it their distinct object to provide lodgings to be let only, not sold to their members, and which include among their members a considerable number of persons in State railway employ. Up to the present time in all 14,500,000 M. has been so allotted, that is, either paid or else promised, by the Minister of Public Works, out of the funds placed at his disposal under the "Provision of Dwellings Law" (*Wohnungsfürsorgegesetz*) of 13th August 1895 and by means of State loans, for the said purpose, for the benefit of more than fifty building associations. Such loans likewise are subject to special conditions laid down in a ministerial ordinance bearing the same date as the first.\*

ings, and the method according to which dwellings are to be allotted and let. (6.) The advance granted must not in any case exceed the full value of the building, or else 90 per cent. of the collective value of the building and site. The site is not to be valued higher than at its purchase price; it must be shown that the building will remain the property of the society. The advance is to be secured by a mortgage to be repaid by means of 1 per cent. sinking fund charged annually together with the interest (3 per cent.). The mortgage given need not necessarily be a first mortgage. Should there, however, be another mortgage already entered as first mortgage, the value of such mortgage will have to be taken into account in fixing the amount of the State advance, as if, for such purposes, it actually formed part of the same. And the Government's mortgage must not in the course of repayment lose its precedence. The society must, furthermore, undertake to keep the building fully insured and in good repair, to hand in its balance-sheets and minutes of proceedings regularly, to admit properly appointed officers at all times for purposes of inspection, or else to give them any information required. (7.) It must be provided that of all dwellings to let, members who are in the public service or Government employees have the first refusal. (8.) The loan is to be subject to three months' notice on either side; however, so long as all conditions laid down are complied with, the State is debarred from giving notice within ten years after payment of the last instalment of principal. Failure to comply with the rules laid down entitles the Government to immediate notice, but only within six months of the happening of the contravention complained of. (9.) Once the agreement has been properly executed the authorities may advance one-fourth of the loan before building work is begun, but only within the limits of one-half of the value of the site. The balance may be advanced by instalments as the building proceeds.

\* The conditions are practically identical with those laid down in the other ordinance. A special explanation is added, that money should not, as a rule, be granted for the purchase of dwellings, since mere purchase of a building already existing would not add to the accommodation available. The ordinance shows the amounts thus far placed at the disposal of the Minister to be—5,000,000 M. in 1895,

"Furthermore, 11,500,000 M. has been granted in mortgage advances at 3 and 3½ per cent. interest from the Pensions Fund for workmen on the railway lines worked conjointly by the Governments of Prussia and of Hesse to building associations formed to provide dwellings exclusively or at any rate mainly for members of the said Pensions Fund. The terms under which these loans are granted are laid down in special regulations.\*

"Thus far no assistance whatever has been given from State funds for co-operative building generally.

"No grants of any kind are made to agricultural co-operative societies for carrying on business. The moderate sums appropriated annually from State funds in the interest of agricultural co-operative societies are granted for the sole object of lightening the burden of 'revision' and audit which is imposed upon societies by law and of contributing to the further diffusion of the co-operative idea. The benefits derived from such grants apply to more than 10,000 societies. In some few special cases advances and also non-repayable grants have been made beyond the limits of the objects here named; however, that has been done with a special view to the creation of model enterprises qualified to serve the agricultural classes as patterns, for instance co-operative butcheries, establishments for turning fruit to remunerative account, or societies to improve the cultivation of flax.

"The assistance given in Prussia by the State in aid of industrial co-operation is shown in the official memorandum No. 92 of 1903."

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The substance of that memorandum is thus summarised by a high authority in Berlin.

"State grants in support of industrial co-operation have been given in Prussia since 1896. The first grant of the sort

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15,000,000 M. (collectively) in 1898, 1899, and 1900, 12,000,000 M. in 1902. Out of such money 5,909,400 M. was allotted to twenty-five specified building associations up to 1901.

\* The rules laid down are very similar to those already summarised. It is added that the rate of interest charged may be less by ½ or ¾ per cent. than the ordinary current rate for trust security. The loan may in exceptional cases be carried to 90 per cent. of the value of the building not reckoning the site; however, as a rule, it should not exceed 80 per cent. of such value, or else 75 per cent. of the value of building and site conjointly. Any society claiming a loan must show that at least half of its members are members of the said Pensions Fund; also at least 5 per cent. of the share capital must be paid up. It is to be shown that the income from rents will yield at least 5½ per cent. on the capital outlay.

was included in the extraordinary estimates for 1896-97. It amounted to 10,000 M. Repeated in 1897-98, it was raised to 20,000 M. in 1898-99, to 30,000 M. in 1900, and it has continued at that figure as an annual grant.

"Grants proportioned to circumstances have also been made towards organisation expenses to newly-formed artisans' co-operative societies. These have varied, generally speaking, between 50 and 500 M.; however, as much as 900 M. has been given.

"Since 1899 the Prussian Ministry of Commerce has made in all 14 advances to industrial co-operative societies, amounting in all to 26,000 M. As a rule, such advances are made for ten years, free of interest in the first year, at  $\frac{1}{2}$  per cent. in the second, 1 per cent. in the third, afterwards 2 per cent. for two years in succession, and 3 per cent. during the last five years. Such advances vary between 500 and 6,000 M., and amount as a rule to 1,500 or 2,000 M. The resources of the Ministry being limited, it has made it its practice to concede advances, in ordinary cases, only to societies which promise to serve as models to others.

"The Central Union of German Industrial Co-operative Societies, which is in the main a union for purposes of instruction for the benefit of members of artisans' societies and their unions, has received a grant of 3,000 M. from the Ministry of Commerce for the purpose of first expenses. Beyond this the Ministry of Commerce has undertaken to pay the same Union an annual contribution of 30,000 M. for five successive years.

A return presented to the Prussian Second Chamber shows that since 1895, 43,797,586 M. out of 44,000,000 M. made available has been paid by the State in support of co-operative building associations for the provision of working men's dwellings. A further grant of 15,000,000 M. was voted by the Diet last spring."

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As regards assistance given to agricultural co-operative societies, it is known that the two great agricultural co-operative unions of Neuwied and Darmstadt are in receipt of State grants. The amount of such has, however, not been made public, and does not appear in the Budget. Last April 10,000 M. is said to have been paid to the Darmstadt Union to assist in setting up a school for auditors. With respect to other State assistance we take the following data from an article by Dr Wygodzinski, to which we have been authoritatively referred for the information. It says:—

"The Prussian Budget contains no specific reference to grants made for the promotion of co-operation, as applied to agriculture. Whatever is given is taken, for the most part, from the 'Disposition Fund for the assistance of agricultural societies, and the promotion of cultivation of the land generally,' so far as no provision had been made for such purposes in the preceding chapter of the estimate for agricultural administration. This fund currently passes by the rather shorter name of *Landesculturfonds*. The ordinary votes under this head amounted in 1901 to 350,000 M. The same fund, however, is also drawn upon for other purposes, such as grants towards the management expenses of agricultural societies and Chambers of Agriculture, moreover, for grants in aid of agriculture, the cultivation of flax, agricultural experiments, &c.

"Under such circumstances the precise amounts actually paid over in aid of agricultural co-operation cannot be given. The excellent book of Schwarz and Strutz on 'Economic Administration and Finance in Prussia,' however, states that in the years 1888 to 1899, 3,124,474 M. was contributed to Chambers of Agriculture out of the said fund, and some portion of this has presumably found its way into the treasuries of co-operative agricultural societies. Apart from such grants, reaching co-operation through the Chambers of Agriculture, 495,467 M. was paid in aid of co-operation applied to agriculture in the same period, giving an average of about 40,000 M. per year.

"There are two forms of co-operative societies which the State especially favours, namely, dairy societies and grain storage societies. Two laws severally of 1896 and 1897, referring to the extension of the State railway system, light railways, and the creation of grain storage establishments, make 5,000,000 M. available for the erection of granaries in the vicinity of suitable railway stations. This grant is hidden away among 'railway receipts,' where it is entitled to a place because the grain storage societies employing the granaries must of course pay the railway companies rent. An official report presented to the Prussian Second Chamber in 1903 shows that at the close of 1902 there were 33 grain storage establishments set up on public land near railway stations actually in use, and that 2 more were being built. For the purpose of these grain storage establishments 4,515,847 M. had been made available out of the 5,000,000 M. referred to, and 4,117,494 M. had been actually paid. The balance was to be employed in the same way for further granaries. The rent paid for such establishments averaged 2.3 per cent.

on the outlay. Only the grain storage establishment of Louisenhain in Posen had received, in lieu of the use of a State-built building, a non-repayable free grant of 60,000 M. Moreover, 150,000 M. had been advanced to the grain storage society at Münster, because no State-owned site had been found conveniently available. The State was to continue letting its granaries to societies up to 30th June 1908, unless the societies preferred to purchase them.

"Co-operative dairy societies receive assistance from the fund set apart in the Budget for promotion of the improvement of cattle-breeding. The precise amount given cannot be stated, because it varies and is in the discretion of the Chambers of Agriculture. From the inquiries of Schwarz already referred to, it appears that 163,000 M. was given in 1899 for purposes of dairy schools and dairy societies, about half the amount (87,521 M.) going to Schleswig-Holstein. The figure is sure to be larger now, because dairy societies are known to have been more liberally endowed. Among other things a new dairy school has been set up at Zülpich, and grants are also made to 'Control societies.' Such societies have been set up on the Danish model. They are co-operative societies formed to provide for careful examination and observation by experts of each distinct cow in order to determine its milking capacity. Apart from the State, provisional authorities make grants, about the amounts of which, of course, nothing is publicly known. Dairy co-operation furthermore benefits by the extraordinary expenditure. Thus, for instance, the Western Fund (formerly known as the 'Eifel Fonds') has contributed repeatedly to the expenses of dairy societies in poor mountainous districts.

"The Settlement Commission, which under the laws severally of 1886 and 1898 provides farms for German peasants on Polish soil, has not failed to detect the great utility of co-operation as an agent in its particular work. Between August 1886 and December 1901, within the territory subject to its jurisdiction, it has formed 61 agricultural banks, 4 grain storage societies, 4 common purchase and sale societies, 15 co-operative dairies, 3 corn milling societies, 11 agricultural distilleries, 21 drainage societies, 3 horse-breeding societies, and 6 co-operative societies for purchasing and employing steam threshing machines.

"The Prussian Central Co-operative Bank of Berlin is intended to serve co-operative interests generally. To avoid saddling the State with unlimited liability for its doings, it has been given the shape of an independent self-governed organisation, subject, however, to State direction. It is the



State which has provided its capital now standing at 50,000,000 M.

"There has been State assistance in other directions, not applying to co-operation in the general sense, but still exercised in support of combined agricultural enterprise which is virtually co-operative.

"In the first place, the Government has thus far invariably paid all the formation expenses of co-operative forest societies (which benefit owners of small plots of forest land), and in addition contributions to their working expenses. It has dealt even more liberally still with the co-operative societies formed to promote land improvement and the making of dykes. Such societies are liberally assisted by provincial authorities. However, the State claims to step in when the help required appears to exceed the means of provincial authorities.

"At the end of 1899 Prussia had 2,304 drainage and land improvement societies, 420 dyke societies, and 167 societies for regulating the flow of running water. The working area of all these societies was 2,850,965 hectares (that is, 7,127,412 acres). The societies represented a total capital of 55,500,000 M. To this sum the State had contributed 20,300,000 M., that is, 36 per cent. And to this still has to be added about 5,000,000 M. paid by the State on preliminary work."

## (B.) BAVARIA.

By Privy Councillor F. X. PROEBST, *President of the Statistical Department of Bavaria.*

### AGRICULTURAL CO-OPERATIVE SOCIETIES.

The National Union of Agricultural Credit and Dairy Societies, formed in 1894, has received assistance in the following ways:—

- 4,000 marks in free grants towards first expenses.
- 25,500 marks in free grants annually from 1894 to 1897 towards management expenses, including inspection.
- 29,000 marks in free grants annually from 1898 to 1903 in the same way (6,500 marks being allotted specifically to the Central Bank).
- 34,000 marks ditto in 1904.
- 12,000 marks in free grants annually since 1899 for negotiating purchases.

100,000 marks free of interest, but repayable, towards the expenses of the Central Bank in 1894, and

100,000 marks ditto in 1898.

3,900,000 marks at 3 per cent. interest advanced to the Central Bank, and withdrawable at any time, to supply working capital.

A grant in money was made by the State to the *Reichsverband deutscher landwirtschaftlicher Genossenschaften* (Darmstadt Union), but the figure is not given.

Since the close of 1903 the State has paid towards the formation of co-operative grain-storage establishments, 157,050 marks in free grants, and 749,370 in advances. Of the latter sum, 56,570 marks is free of interest, 101,500 marks was advanced at 1 per cent., 633,300 marks at 2 per cent., 9,000 marks at 3 per cent. In addition, the site for the establishment is as a rule given free of cost, and assistance is rendered towards obtaining a railway siding. Grain-storage societies are also favoured in respect of railway carriage.

Between 1897 and 1902 the Ministry of the Interior spent in round figures 392,000 M. in support of co-operation applied to agriculture, the provincial authorities of "circles" added 16,900 M., the local authorities of smaller districts 1,790 M., and the agricultural local committee, which are themselves subventioned by the State, 9,644 M. Thus in all 420,334 M. were spent.

#### ARTISANS' CO-OPERATIVE SOCIETIES.

THE following assistance was given by the State from 1898 to the middle of May 1904:—

|   | In the shape of—       |                     |
|---|------------------------|---------------------|
|   | Free Grants.<br>Marks. | Advances.<br>Marks. |
| 11 societies for the supply of power and machinery - - - -                        | 22,600                 | 189,700             |
| 18 credit societies - - - -   | 13,500                 | 98,500              |
| 17 societies for the purchase of raw material - - - -                             | 11,900                 | 104,500             |
| 2 societies combining supply of power, &c., with purchase of raw material - - - - | 1,600                  | 17,000              |
| Carry forward   | 49,600                 | 409,700             |

|   |       | In the shape of—          |                     |
|---|-------|---------------------------|---------------------|
|   |       | Free<br>Grants.<br>Marks. | Advances.<br>Marks. |
| Brought forward   |       | 49,600                    | 409,700             |
| 2 societies combining supply of<br>power, &c., with credit  | - -   | 1,000                     | 10,000              |
| 2 societies combining common pur-<br>chase with common sale | - -   | 700                       | 7,000               |
| 1 productive society  | - - - | —                         | 14,000              |
| 1 society combining common pur-<br>chase with credit        | - - - | 500                       | 3,000               |
| Total   | - -   | 51,800                    | 443,700             |

“Free Grants” are gifts towards first expenses.

“Advances” are repayable by annual instalments, and bear interest at 2 per cent.

In addition grants are made towards the expenses of inspection; for instance, the National Union of Bavarian Artisans' Co-operative Societies, having its office at Nuremberg, received in 1903-4, 3,600 marks, and moreover 600 marks towards the expense of bringing out a handbook for Artisans' Societies; and the Bavarian Co-operative Union received in 1902, 1903, and 1904 on an average 200 marks annually.

The *Zentralhandwerker-genossenschaftskasse* of Munich received in its first year (1903-4) 175,000 marks by way of advances at 2 per cent. interest.

#### EXEMPTIONS FROM FEES AND TAXATION.

(a) *Income Tax*.—Agricultural credit banks which pay interest not exceeding 4 per cent. to capital, and bind themselves in their rules to employ all the remaining surplus in accumulating a fund to be reserved for objects of common utility, are exempt from income tax.

The following privilege is practically accorded only to agricultural societies:—

(b) *Licence Tax*.—Co-operative societies based upon the principle of self-help, dealing only with members and not aiming at any trade profit, are exempt from licence tax.

Such privilege is, however, not extended to the following:—

(a) Distributive societies other than agricultural supply societies dealing in goods which by their nature appear

destined only for employment in agriculture and not keeping an open store.

(b) Credit societies carrying on their business on an extended scale, like bankers.

The following favour is in practice likewise reserved mainly for agricultural societies:—

#### PUBLIC FEES.

Co-operative societies are required to pay every twenty years as a substitute for public fees 1 per cent. of the value of their property, calculated free of debt.

From such substituted payment agricultural co-operative societies remain exempt.

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#### (C.) WÜRTTEMBERG.

*According to information supplied by the Departments of Trade and Commerce and of Agriculture.*

AGRICULTURAL co-operation receives State assistance in Württemberg in the first place by credits placed at the disposal of the Central Bank of Agricultural Co-operative Associations at a cheap rate of interest, and in the second by subventions allowed to the union of such societies, mainly for purposes of "revision," i.e., inspection, as required under the co-operative law, and also to distinct societies, such as grain storage, cattle-breeding, and similar societies according to circumstances. In addition the Government affords what countenance it can in aid of the formation of Raiffeisen village banks, and local authorities assist such banks by depositing money with them. The Agricultural Department has assisted Raiffeisen village banks with grants to defray first formation expenses, practically since they were first introduced into the kingdom in 1880. When in 1880, in Württemberg, the credit societies of the Raiffeisen type, at the instance of the Government, combined to a union, the Government placed the services of the Royal Court Bank at their disposal as a Central Bank. Such recognised centre the Royal Court Bank remained until, in 1893, once more at Government suggestion, the Agricultural Co-operative Central Bank was formed as the societies' own institution to serve them at once as clearing house and as source of credit. The privilege previously accorded to the individual banks of drawing upon the Court Bank was then transferred to the

Central Bank acting on their collective behalf, and has remained so ever since.

At the present time the Government every year demands from the Diet a credit of 60,000 M. (£3,000) for the purpose of agricultural co-operation, part of which (in 1903 it was 24,400 M.) goes to the union of agricultural co-operative societies, mainly to assist them in defraying the expenses of "revision." Since 1898 the Government grant covers just 70 per cent. of such "revision" expenses. The grants have since that year been as follows:—1898, 11,800 M.; 1899, 14,000 M.; 1900, 18,000 M.; 1901, 20,700 M. In earlier years the State contribution covered variously from 52 to 68 per cent. of the said expenses. From 1888 up to 1894 the management expenses of the union were met entirely out of State funds. Since 1894 the chairman of the union has been unremunerated. The State also allows the members of the union substantial reduction of their railway fares when travelling to and from their annual general meetings.

Somewhat considerable grants (the sum is not stated) have been made by the State from time to time in aid of the construction of buildings for grain storage societies, co-operative wine presses, societies for the sale of produce, and similar co-operative associations. Also cattle-breeding societies have received grants to assist them in the purchase of bulls, in the holding of exhibitions and special markets, and towards their prize list. Other grants have been made to various co-operative societies, but mostly only during a limited period of their first existence.

The Agricultural Co-operative Central Bank received at the time of its formation in 1893 a free grant of 3,000 M. (£150) towards first expenses. It has received further grants since, to enable it the more rapidly to accumulate a substantial reserve fund. Thus it received in 1897, 1,000 M., and in 1900 and 1901 each time 5,000 M. (£250). Such grants were taken from the 60,000 M. already spoken of as being voted every year by the Diet. Moreover, the Government has placed the sum of 1,000,000 M. out of its cash balances, deposited with the State Bank, at the disposal of the Central Bank as a fund to draw upon through the Royal Hofbank, which receives the money at 2 per cent. and re-lends it at 3 per cent. However, all credits granted under this head are subject to calling in at any time.

The State help afforded to industrial co-operation in the main takes the shape of grants given in aid of technical and co-operative education. State grants had been previously offered towards first expenses, and towards the hire and

purchase of power, machinery, &c. Only little was, however, claimed under this head, because industrial co-operation developed very slowly. At the close of 1903 there were only twenty co-operative productive societies in existence in the kingdom. What was shown to be wanting was education. Accordingly, on 20th January 1904, the Government issued an instruction to local authorities to exert themselves within the limit of their power for the furtherance of the formation of co-operative societies of various forms (supply societies for the purchase of raw material, sale and storage societies, and societies for the common use of machinery and power), more particularly by allowing them suitable buildings and power (either water, or gas, or electricity) which might be at their disposal, rent free or at a low rent, but above all things by promoting courses of instruction, and allowing travelling expenses to students attending such.

The Government at the same time recommended particular text books, written by Dr Crüger, the Chairman of the Schulze-Delitzsch Co-operative Union of Berlin, for such instruction. It employs those same books itself in the courses of instruction which it had organised independently and for the whole country at a later period. The Government also places account books, commercial forms of various kinds, and all the stationery required by newly formed co-operative societies at the latter's disposal, and gladly assists with advice. Further to assist the movement the Government has taken the initiative in the formation of a union of industrial co-operative societies which was happily launched last April, and provided to a goodly extent for its management expenses. These are estimated at 5,600 M. (£280) per annum. Members (societies only) are expected to subscribe in all 400 M., the Chamber of Commerce 2,000 M., and the State is willing to pay the balance. In the current year 3,200 M. has been actually voted for the purpose, and also 800 M. for installation expenses, and it is understood that in future 5,000 M. (£250) will be voted annually. The grants hitherto made for first formation expenses are likewise to be continued, and also a grant for holding courses of instruction, for which in the current year only 1,000 M. has been set apart. The instruction is to be at the expense of the State, which finds the lecture rooms and workshops, the teachers, and free journeys for students both ways. The Chambers of Commerce and the local authorities between them allow the students, while engaged upon these courses, 5 M. a day if domiciled at Stuttgart, 8 M. a day if domiciled elsewhere.

In view of the larger demands likely to be made in respect

of the work of the Union of Württemberg artisans' societies and of measures otherwise decided upon as a means of promoting industrial co-operation, such as additional courses of instruction, a considerably larger amount of money has been made available for 1905 and 1906, namely—5,000 M. for societies providing power and other machinery, 4,000 M. for grants in aid of installation expenses of co-operative societies of various sorts, and 500 M. for the promotion of artisans' co-operation generally.

The Workingmen's Insurance Department for Württemberg makes advances on its own account, but only to societies formed to provide healthy and cheap dwellings for the families of workingmen. Such advances are charged at the rate of 3 per cent.; however, they must be secured by mortgage to the value of one and a half times their amount. Up to New Year 1904, 2,000,000 M. (£100,000) had been advanced in this way. Repayment is already made to some extent by terminable annuities. This method of repayment is to become general.

#### (D.) KINGDOM OF SAXONY.

*Official Report kindly obtained through the interposition of H.M. Minister Resident, Viscount GOUCH.*

THE Saxon Parliament has placed at the disposal of the Government a sum of £250,000 for purposes of loans to Agricultural and Industrial Co-operative Societies, of which sum £150,000 for the benefit of Agricultural, and £100,000 for the benefit of Industrial Co-operative Societies.

Up to the present as much as £125,000, in various amounts, has been advanced to the "Central Fund of the Agricultural Co-operative Union for the Kingdom of Saxony," which in its turn distributes the money among the individual societies enrolled as members of the Union. On the other hand, application for such support by the Industrial Societies has been rare, and grows constantly less.

The principal terms on which the loans are made to the Central Fund of the Agricultural Union are, that the Fund must be prepared to repay the capital at three months' notice, to pay interest at the rate of  $1\frac{1}{2}$  per cent. per annum in half-yearly instalments, and not to charge more than  $2\frac{1}{2}$  per cent. on the advances made to the affiliated societies.

The Industrial Societies have not yet formed themselves into a Union, and in order to enable them to have recourse to the State grant, the Ministry of the Interior is prepared

to make advances by way of loan, with Sinking Fund clauses, to parishes, to be placed by them at the disposal of such societies, provided that the parishes take upon themselves all responsibility for the interest on, and repayment of, the loans.

The sums thus advanced, which may also be employed for the purpose of forming Industrial Societies, must not exceed a moderate amount, must be repayable in from 10 to 15 years, meanwhile bearing interest at the rate of  $\frac{1}{2}$  to 3 per cent., and must be advanced to such individual societies on terms in no way more onerous than those on which they have been granted to the parishes.

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### (E.) BADEN.

*Information obtained from the German Reichsamt des Innern by the good offices of H.M. Ambassador at Berlin.*

In this country both industrial and agricultural co-operation—the latter extending over the entire Grand Duchy, with the help of agricultural co-operative societies united in large Unions—are assisted by the State by means of money grants.

The industrial co-operative organisations to be considered under this head are credit societies, societies for the supply of raw material, for the sale of finished goods, productive societies, and common purchase and sale societies. For the promotion of such societies 5,000 M. is allowed each year, to be applied as follows :—

1. Newly formed societies receive grants towards their first installation expenses, which do not as a rule exceed 500 M. in each case. In addition, in the case of co-operative societies carrying on some not very remunerative trade, the cost of forming the society (printing, registration fees, &c.) are paid by the Exchequer in part or in full.

2. Grants in aid towards the purchase of implements and machinery to be used in common may also be given.

3. There are no fixed rules with respect to the limits of such assistance. The amount is regulated, and so are the terms upon which assistance is granted, according to the merits of each case.

4. Itinerant lecturers are trained in a knowledge of co-operation partly at State expense. They are placed at the disposal of artisans and tradesmen proposing to form co-operative societies, for the purpose of instructing them and



affording assistance in the preparation of rules and the organisation of co-operative workshops, the expenses being paid by the State.

Recently also experts, employed in extraordinary "revisions" to ensure sound management of co-operative societies or else affording assistance to co-operative societies in the matter of technical business or of bookkeeping, have been allowed payments out of public funds.

Up to the present advances in money at a low rate of interest have not been made to industrial co-operative societies. On the other hand exceptional non-repayable advances have been made in unfavourable years to individual societies.

A grant of 40,000 M. (£2,000) was quite recently given from the General Unforeseen Contingencies Fund of the grand-ducal government to a co-operative society in the Hotzenwald formed for the purpose of providing electric power to move hand-loom, in order that the silk-spinning which is carried on in that mountainous region as a cottage industry may, if possible, be retained as a source of income for the population.

Agricultural co-operative societies receive State assistance to a much larger extent than industrial.

1. Such assistance goes in the main to the two great Unions respectively of agricultural co-operative credit societies and agricultural supply societies. In accordance with an agreement concluded between the Ministry of the Interior and the Ministry of Finance, the latter has advanced loans at low rates of interest out of the Sinking Fund as follows:—Advances up to 1,500,000 M. to the Union of agricultural co-operative credit societies and advances up to 600,000 M. to the Union of supply societies. The present rate of interest for such advances is  $2\frac{1}{2}$  per cent.

In addition both Unions receive assistance for a variety of specific purposes. For instance grants are made to the Union of Co-operative Credit Societies towards the expense of starting new credit societies and for expert instruction of the officials of such societies, amounting to 60 M. in the case of each new society; also grants to cover 60 per cent. of the entire expense (which is about 12,000 M.) of the auditing and "revision" of local societies.

2. The Union of agricultural supply societies likewise receives assistance towards the formation expenses of new societies and also grants to defray part of the carriage of seed and similar articles.

The same Union receives special assistance towards its organisation of co-operative sale of corn. Not only is 6,000

M. a year paid out of public money towards the maintenance of a grain storage building at Mannheim, but grants amounting in each case to a third of the cost of the building are made to local grain storage societies, within the maximum limit of 10,000 M. in each case, wherever a genuine want of such grain storage buildings can be shown to exist. In this way within the last two years 60,000 M. has been disposed of to grain storage establishments.

3. In addition to the two Unions named, viz., that of credit societies and that of supply societies, the Baden Union of Co-operative Dairies employing centrifugal churns also receives assistance to the amount of about 1,800 M. per annum towards the cost of management and of audit and "revision."

4. Distinct co-operative societies likewise receive assistance, as well as Unions, and for a variety of purposes. Thus dairy societies and societies producing wine are allowed grants towards first installation expenses, societies for the sale of eggs grants for buying the necessary utensils, &c.

The average annual amounts spent in the shape of assistance to co-operation applied to agriculture is 35,000 M.

In conclusion, a number of cattle-breeding societies are regularly subsidised alike by the State and by the local "circles."

## (F.) HESSE.

By L. HABICHT, of the *Darmstadt People's Bank*.

THE Government assists co-operation mainly in the following manner:—

(1) It allows annually 5,000 M. (£250) in support of co-operative dairies.

(2) Also 1,500 M. (£75) annually in support of artisans' co-operation.

(3) It also makes an advance of 20,000 M. (£1,000) for the formation of co-operative associations, to enable vine-growers to dispose of their produce to better advantage.

(4) It supports the Hessian Artisans' Societies Co-operative Bank with advances, which must not exceed 100,000 M. (£5,000).

The advances referred to under heads (3) and (4) are made for a fixed period. No interest is payable upon them during the first two years; after that,  $3\frac{1}{2}$  per cent. per annum combined with gradual repayment by instalments.

## (G.) MECKLENBURG SCHWERIN AND MECKLENBURG STRELITZ.

By HERR RECHTSANWALT STECH, *Director of the Union of North German  
Co-operative Societies.*

CO-OPERATION is little developed in the two grand duchies, and it is not known that the Government in either affords any help. In Neu Strelitz the corporation assists a co-operative society for the common employment of machinery in the making of cloth by a loan granted at a low rate of interest.

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## (H.) DUCHY OF SAXE-COBURG.

*Communicated by the Ministry of State.*

DURING recent years assistance has been given to the basket-makers' societies in Saxe-Coburg belonging to the union of basketmakers' societies for Franconia and Saxe-Coburg to the extent of the State undertaking to pay the expenses of inspection and audit.

Also a society of palm-leaf basketmakers at Steinachgrund has on its formation received an advance of 10,000 M. at a very low rate of interest. In addition, the Government has purchased goods from the society on behalf of military and civil establishments. There is reason to apprehend that further assistance to the same society will prove necessary.

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## (I.) DUCHY OF SAXE-GOTHA.

*Communicated by the Ministry of State.*

A NUMBER of credit co-operative rural societies in the Duchy of Saxe-Gotha have received assistance from the State, in the shape partly of free grants made to them towards their first expenses, partly of small advances at a low rate of interest, for a few years only, to provide them with working capital. In 1893, during the great drought, advances up to 4,000 M.

were also made to various such societies at the rate of 2 per cent. interest for the purchase of feeding stuffs. Nothing has been advanced or granted since 1897.

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## (J.) DUCHY OF SAXE-MEININGEN.

*Communicated by the Ministry of State.*

ASSISTANCE in money has been given to co-operative societies registered under the imperial co-operative law within the last few years in the following ways:—

(1) 25,000 M. was advanced at 3 per cent. in November 1897 to the Meiningen co-operative grain-storage society of Grimmenthal, which has since gone into liquidation. The loan was made on the security of a first mortgage. The estate of the grain-storage society having passed into the possession of the Central Co-operative Bank of Neuwied, the latter has made itself responsible for the debt, which is repayable at latest on 16th November 1907.

(2) Four advances severally of 10,000 M., 3,000 M., 5,000 M., and 3,000 M., and an additional advance of 12,000 M. approved in 1903, have been made to the savings and building association of Rauenstein for the purpose of assisting it to provide good and wholesome dwellings for its members. These loans bear interest at 2 per cent., to which 2 per cent. is added for sinking fund.

No further assistance has been given to co-operative societies, nor have exemptions been granted on goods purchased. However, some other societies not registered as co-operative, and making it their object to provide cheap dwellings for the poor, and some unregistered societies for the promotion of the material welfare of the humbler classes, have been assisted.

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## (K.) GRAND DUCHY OF SAXE-WEIMAR.

*Communicated by the Ministry of State.*

THE grand-ducal Government has not rendered any assistance to co-operative societies, with the exception of a grant of 200 M. made to the Thuringian section of the Union of Raiffeisen societies in 1899 towards the technical education of bookkeepers.

(L.) SAXE-ALTENBURG, PRINCIPALITIES OF REUSS  
SENIOR LINE, REUSS JUNIOR LINE, AND  
SCHWARZBURG-SONDERSHAUSEN.

IN these countries no assistance whatever has thus far been given by the State to co-operation.

(M.) PRINCIPALITY OF SCHWARZBURG  
RUDOLSTADT.

*Communicated by the Ministry of State.*

IN this principality sixteen Raiffeisen agricultural credit societies have received grants of money from the Government. Any assistance rendered is given according to the nature of each case, not as a recurring payment.

(N.) ALSACE LORRAINE.

*Information obtained from the German Reichsamt des Innern by the good offices of H.M. Ambassador at Berlin.*

1. Grants are made as a help towards first expenses for the promotion of the formation of Thrift and Loan Societies (village banks) and Savings Banks within the limit of 5,000 M. voted in the Budget each year.

2. District authorities assist co-operative agricultural improvement societies both by unrepayable grants and by advances granted free of interest. The amounts made available in the annual budgets are—15,000 M. in Upper Alsace and 12,000 M. in Lower.

3. Moderate assistance is also given to cattle-breeding societies from available funds, and a rather more considerable grant has been made to the Union for the "revision" (audit and supervision) of agricultural co-operative societies to cover first expenses.

4. Grants of 500 M. in each case are made to local "advance banks." Beyond this working capital is placed at their disposal at 3 per cent. interest from the Government Deposit Fund. The maximum limit of such advances is fixed each year by law. In 1904 it stood at 6,000,000 M.

5. Working funds to the amount of 500 M. in each case

are also advanced from the same Deposit Fund, at a rate of interest which must not exceed 4 per cent., to the Union of agricultural district societies and the Union of district hail insurance societies. At the present time there is 500,000 M. outstanding in such way at  $3\frac{1}{2}$  per cent. interest.

6. 150,000 M. has been advanced at  $1\frac{1}{2}$  per cent. to two river conservancy societies, 300,000 M. at 3·6 per cent. interest to a co-operative society for regulating the course of the river Zorn, and 359,000 M. at 3 per cent. interest to forty-eight co-operative agricultural improvement societies, all such money being taken from the State Deposit Fund.

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## VI. ITALY.

*From information received from various sources.*

### 1. PRIVILEGES CONCEDED BY LEGISLATION.

THE Italian law places co-operative societies, to some little extent, in a privileged position as compared with other societies. There is still no distinctive co-operative law. Co-operative societies are, like joint-stock companies, governed by the ordinary commercial code, which, however, deals with them in a particular section, called "co-operative." That section prescribes for them certain formalities, intended for their protection. But it altogether fails to explain what in the eyes of the law constitutes a "co-operative society." Under this section co-operative societies are permitted to register in any accepted form of company or society, be it "in collective name," "*en commandite*," or as an ordinary joint-stock organisation. Like an ordinary company, a co-operative society is called upon to register its formation in proper form by a "public act," the record of which has to be deposited with the Chancery of the Civil Tribunal of the district, to be by it made public in one of the permitted ways. Unlike other companies, however, a co-operative society has such service of publication rendered to it free of charge. The deed recording its constitution is required to set forth the rules adopted with regard to the admission, resignation, and expulsion of members, the value of the share, the methods prescribed for summoning meetings, and the selected public organs in which society notices are to be inserted. Once more, unlike mere trading companies, co-operative societies are empowered to dispense with the usual security to be given by officers. In other respects the members of the committee of management are

subject to precisely the same regulations as directors of joint-stock companies. They are required to keep a list of members in which every change that takes place has to be entered; also ledgers showing the account of each member, and, supposing that the liability of members is unlimited, they are under obligation to hand in to the authorities correct lists of members. The forms of management indeed are less burdensome than in trading companies; for co-operative societies are left free to regulate their own procedure as regards general meetings, balance-sheets, election of officers, and eventual liquidation, even beyond what is laid down as permissible in the commercial code. They also enjoy exemption from liability to limit their share capital, and from the obligation to show as a condition precedent to registration that three-tenths of such share capital is actually paid up, and to make good any deficiency in that proportion which may arise.

The individual share is, however, limited to 100 lire (£4) at the outside, and the maximum holding of any one member to 5,000 lire (£200). This is done to prevent the society's degenerating into a speculative gain-seeking concern and undue power being acquired by a few members. With the same object in view, all trading in shares is prohibited. Shares are required to be made out to a particular person and are not transferable except with the consent of the general meeting and the committee of management. To ensure a maximum presence of members at general meetings, proxies are forbidden, barring some exceptional cases, in which, however, every member is limited to one proxy only besides his own vote. Expulsion of members is prohibited, except on grounds distinctly stated in the law, or to be so in the record of formation, or else in the rules, and formally approved by the general meeting and the committee of management. Members retiring remain liable for engagements incurred during their membership for the space of two years.

So stands the law at the present time. Circumstances, however, point to the probability of an early change, which may result in the adoption of some distinctively co-operative law. For co-operation has, within the last twenty years, developed and grown to such an extent that on the admission of all concerned the condition of things affecting it has become completely modified, and it has outgrown its legislative infant's garb. This judgment has been formally placed on record in the report of a commission of inquiry recently appointed to investigate this particular matter, and it seems to be generally conceded that such opinion should be acted upon.

## 2. EXEMPTIONS FROM TAXATION, &c.

Registration of co-operative societies and any official entries required in respect of the admission or retirement of members are made free of charge and free of stamp duty. Other exemptions are conceded, more particularly during the earliest period of a society's existence, when it is assumed that the society is weak in funds. Thus, no charge is made and no stamp required for the registration of documents of any sort relating to the society's business, provided that such business does not exceed the limits allowed for co-operation, that is, does not become commercial business. All this applies during the first five years of a society's existence and up to the time when its subscribed share capital reaches the figure of 30,000 lire (£1,200). Once more, co-operative societies are held at law exempt from liability to pay licensing tax for retail sales, in respect of articles purchased only for the benefit of members, and only sold to such and consumed in their own homes. That tax does not in any case apply to wine, small wine, and other beverages given to agricultural labourers as a supplement to ordinary wages.

Furthermore, co-operative societies are exempted by law from certain octroi duties (municipal import duties), assuming that they exist for the purpose of benefiting the poorer classes, that the goods in question are disposed of to actual members only for their own use and the use of their families, and that they are not consumed in social gathering places, or rooms where meetings are held, or else in the houses of third parties, and that the sale be made not for profit or as a matter of speculation, but simply at cost price with an addition allowed for expenses of management. Societies desiring to benefit by such exemption are required to communicate to the octroi authority, when making their claim, the legal record of their formation, and the rules regulating their business; also the list of members and their families, and a list likewise of the members of the committee of management, in which the acting manager must be specially named, such information to be supplemented by notice of any change made.

## 3. CONTRACT WORK GIVEN TO CO-OPERATIVE SOCIETIES.

As a means of affording some protection to labour in its struggle with capital, and of encouraging free initiative and enterprise on the part of working men's societies formed on co-operative lines, the Government, with the consent of Parlia-



ment, adopted in 1889, after the example set by France in the preceding year, provisions which create special facilities for co-operative societies undertaking work for public account. The privileges conceded in that measure have been considerably extended by a new law of 12th May 1904, promoted by M. Luzzatti as Minister of the Treasury. Clause 4 of the law of 11th July 1889—known as the Baccarini law, which deals generally with the administration of public finance—lays it down that the Government authorities may, either by private bargain or public tender, entrust to co-operative societies, be they productive or labour (on the understanding that they are properly constituted and regularly registered as working-men's societies), contracts up to 100,000 lire, in cases in which the cost of labour constitutes the main item of the job. The measure of 1904 does away with the provision about the cost of labour predominating in the contract; it extends the limit to 200,000 lire and admits co-operative agricultural societies to the same privileges, supposing that they are composed of working men or small proprietors. In respect of all contracts so obtained co-operative societies are exempted from the liability usual in such transactions of finding security for execution. They are also allowed this advantage, that payment may be made to them by instalments, as the work advances. Out of every such payment, however, 10 per cent. is to be held back, to go towards a fund which, growing gradually, is to serve practically as security, and is to be handed over to the contracting society only on the actual completion and after approval of their contract work. The new law also favours co-operative societies in this, that it allows them a double tender, stating privately the maximum rebate as well as the minimum which they are prepared to accept. This statement of theirs is to be kept secret. Such procedure has actually been adopted in the past, and is said to have answered. To prevent abuse in the disposal of such contracts as have been spoken of, the older law invests the Government with very stringent powers of inspection and inquiry with respect to co-operative societies. They are required to be legally constituted. Their objects must be clearly shown to be common production or common work. Their members must be all of them working men of the particular trade or of some auxiliary trade required for the work undertaken. It is made a binding rule that profits should be divided among members and auxiliary workers alike, actually engaged in the work, in proportion to their employment or to the wages drawn, after proper deduction made, as prescribed in the law, that is, at least one-twentieth of the net profits for the constitution of

a reserve fund, and at most 5 per cent. interest allowed to capital, with a share not exceeding one-tenth of the net profits appropriated for provident purposes. The new law adds to all this a general discretion given to the Government to lay down such regulations as may to it appear called for to prevent the privileges being abused by wrong persons adopting the form of co-operation.

Co-operative societies which are found to comply with these regulations are, after proper inquiry made by a representative provincial committee, entered on a special register kept at each prefecture, and so kept on the rota for contracts. That provincial committee is composed, in the first place, of the Prefect himself, who presides, of two selected public servants, and of two non-official members to be nominated by the provincial deputation, preferably from among members of managing committees of co-operative organisations in the province. That committee, in addition to the right of placing societies on the register, has the right also of watching over them and removing their names, should it find that they commit irregularities or forfeit the claim to be considered co-operative societies. Against any decision of that committee societies have an appeal to the Ministry of Agriculture, Trade, and Commerce, whose judgment, assisted by a Central Committee, once more made as representative as possible, is final. Such Central Committee consists of the Chief of the Department of Credit and Provident Action in the Ministry of Agriculture, Trade, and Commerce, who presides, and a number of public servants employed in that Ministry, the Labour Department, and in the Treasury, and of one member appointed to represent the People's Banks, and two to represent the National Union of Co-operative Societies.

By the reports received from the various Prefects, the Ministry of Agriculture, Trade, and Commerce is enabled to follow the controlling work of the provincial committees. The supervision of the latter extends to the management of the co-operative organisations inscribed on the Prefect's register. They are required, on pain of removal from that register, to send in regularly their balance-sheets, which must, among other things, show how the profits are divided. The balance-sheets are sent up to the Ministry, accompanied by such observations from the provincial committee as they may appear to suggest.

A register of qualified societies having been prepared in each province in which there are claimants, the authorities next proceed to lay down rules to govern contracts to be given out to societies. The tenders may be required to set forth as

distinct items (a) the cost of the labour, and (b) the cost of materials, so as to make the contracts more easily accessible to co-operative organisations, which may elect to contract for labour only. Whether the contract be by tender or by free bargain, the authority giving it out has a right to ask once more for evidence satisfying it as to the competing societies' qualifications. As a safeguard against subsequent transformation into a capitalistic organisation, it is provided that only in exceptional cases, to be approved as such by the authority, may the labour of persons not being members of the contracting society be temporarily admitted to employment, and never in excess of one-half, as measured by the wages given, of the entire amount of labour employed. As a protection to outside labourers employed, it is laid down in the law once for all that they must be admitted to a full proportionate share in the profits netted. To enable the contracting societies to procure for themselves the requisite funds, the authorities placing the contracts have power to consent to the assignment of the payments to become due in respect of such contracts, all but the regulation 10 per cent. to be kept back by way of security, to other co-operative or cognate bodies, such as savings banks, or co-operative people's banks, as a security for the requisite credit.

The amount of contract work done by co-operative labour societies under this law, up to 1902 inclusive, is shown in the following table:—

| Date.         | Number of<br>Contracts. | Aggregate Amount<br>in Lire. |
|---------------|-------------------------|------------------------------|
| 1889          | 26                      | 412,549.44                   |
| 1890          | 157                     | 3,660,114.45                 |
| 1891          | 120                     | 1,643,547.39                 |
| 1892          | 106                     | 1,789,146.56                 |
| 1893          | 177                     | 2,579,028.22                 |
| 1894          | 215                     | 2,022,383.83                 |
| 1895          | 159                     | 2,134,182.82                 |
| 1896          | 200                     | 1,998,235.77                 |
| 1897          | 140                     | 1,919,398.04                 |
| 1898          | 188                     | 3,018,187.67                 |
| 1899          | 140                     | 2,825,043.28                 |
| 1900          | 110                     | 2,245,431.41                 |
| 1901          | 136                     | 2,803,355.62                 |
| 1902          | 132                     | 3,293,705.07                 |
| <b>Totals</b> | <b>- 2006</b>           | <b>32,344,289.57</b>         |

The figures specifically for 1902, taken in detail, are as follows:—

| Province.             | Number of<br>Co-operative<br>Labour<br>Societies<br>existing in the<br>Province. | Number of<br>Societies<br>entered on<br>Prefect's<br>Register as<br>entitled to<br>be given<br>Contracts. | Contracts given. |                     |
|-----------------------|--|---|------------------|---------------------|
|                       |  |   | Number.          | Value<br>in Lire.   |
| Piedmont - -          | 39   | 6   | ...              | ...                 |
| Liguria - -           | 37   | 6   | 2                | 110,200             |
| Lombardy - -          | 108  | 15  | 4                | 60,179.10           |
| Venice - -            | 73   | 21  | 31               | 822,845.18          |
| <b>Northern Italy</b> | <b>257</b>   | <b>48</b>   | <b>37</b>        | <b>993,224.28</b>   |
| Emilia - -            | 201  | 73  | 73               | 2,006,317.75        |
| Tuscany - -           | 61   | 15  | 5                | 168,546.41          |
| Umbria - -            | 15   | 5   | 2                | 1,953               |
| The Marches - -       | 39   | 11  | ...              | ...                 |
| Lazio - -             | 45   | 19  | 10               | 6,925.53            |
| <b>Central Italy</b>  | <b>361</b>   | <b>123</b>  | <b>90</b>        | <b>2,183,742.69</b> |
| Abruzzi - -           | 4  | 2   | ...              | ...                 |
| Campania - -          | 32   | 8   | 4                | 74,238.10           |
| Apulia - -            | 35   | 5   | ...              | ...                 |
| Basilicata - -        | 17   | 5   | ...              | ...                 |
| Calabria - -          | ...  | ...   | 1                | 42,500              |
| <b>Southern Italy</b> | <b>88</b>  | <b>20</b>   | <b>5</b>         | <b>116,738.10</b>   |
| Sicily - -            | 48   | 8   | ...              | ...                 |
| Sardinia - -          | 10   | 4   | ...              | ...                 |
| <b>Islands</b>        | <b>58</b>  | <b>12</b>   | <b>...</b>       | <b>...</b>          |

The comparative smallness of the number of societies admitted to the privilege is popularly accounted for by the difficulties placed in the way of admission by means of the various formalities prescribed.

The following list shows the number of societies inscribed in January 1904 as qualified to undertake public contracts of work in forty-two out of a total of sixty-nine provinces constituting the Kingdom.

*Description of the Co-operative Societies.*

| Province.                        | Navvies,<br>&c. | Builders,<br>Masons,<br>&c. | Carriers,<br>&c. | Printers,<br>Book-<br>binders. | Various | Total. |
|----------------------------------|-----------------|-----------------------------|------------------|--------------------------------|---------|--------|
| Ancona - -                       | ...             | 1                           | ...              | ...                            | ...     | 1      |
| Aquila - -                       | ...             | 1                           | ...              | ...                            | ...     | 1      |
| Arezzo - -                       | ...             | 5                           | 1                | ...                            | 4       | 10     |
| Ascoli - -                       | ...             | 2                           | ...              | ...                            | 1       | 3      |
| Avellino - -                     | ...             | 1                           | ...              | ...                            | ...     | 1      |
| Belluno - -                      | ...             | 1                           | ...              | ...                            | 1       | 2      |
| Bologna - -                      | 9               | 2                           | 2                | ...                            | ...     | 13     |
| Cagliari - -                     | ...             | ...                         | ...              | ...                            | 1       | 1      |
| Caserta - -                      | ...             | 3                           | ...              | ...                            | ...     | 3      |
| Catania - -                      | ...             | 2                           | ...              | ...                            | ...     | 2      |
| Catanzaro - -                    | ...             | 3                           | ...              | ...                            | ...     | 3      |
| Como - -                         | 1               | ...                         | ...              | ...                            | ...     | 1      |
| Ferrara - -                      | 14              | 1                           | ...              | ...                            | ...     | 15     |
| Florence - -                     | 2               | 8                           | ...              | ...                            | 1       | 11     |
| Forli - -                        | 4               | 3                           | 1                | ...                            | 1       | 9      |
| Genoa - -                        | ...             | 1                           | ...              | ...                            | 2       | 3      |
| Girgenti - -                     | ...             | ...                         | ...              | ...                            | 1       | 1      |
| Grosseto - -                     | 1               | ...                         | ...              | ...                            | ...     | 1      |
| Lecce - -                        | ...             | 3                           | ...              | 1                              | ...     | 4      |
| Livorno - -                      | ...             | ...                         | ...              | ...                            | 1       | 1      |
| Macerata - -                     | ...             | 3                           | ...              | ...                            | 1       | 4      |
| Mantua - -                       | 3               | 1                           | ...              | ...                            | ...     | 4      |
| Messina - -                      | 1               | ...                         | ...              | ...                            | 1       | 2      |
| Modena - -                       | 5               | 3                           | 5                | ...                            | 3       | 16     |
| Naples - -                       | ...             | 2                           | ...              | ...                            | 2       | 4      |
| Padua - -                        | 12              | 1                           | ...              | ...                            | 2       | 15     |
| Palermo - -                      | ...             | 1                           | ...              | ...                            | ...     | 1      |
| Parma - -                        | 2               | 2                           | ...              | ...                            | ...     | 4      |
| Perugia - -                      | ...             | 3                           | ...              | ...                            | 3       | 6      |
| Pisa - -                         | 4               | ...                         | ...              | ...                            | 3       | 7      |
| Ravenna - -                      | 17              | 11                          | 2                | ...                            | 3       | 33     |
| Reggio Calabria - -              | 1               | ...                         | ...              | ...                            | ...     | 1      |
| Reggio Emilia - -                | 10              | 4                           | 4                | ...                            | 3       | 21     |
| Rome - -                         | 2               | 16                          | ...              | 5                              | 12      | 35     |
| Rovigo - -                       | 8               | ...                         | ...              | ...                            | 2       | 10     |
| Salerno - -                      | ...             | 2                           | ...              | ...                            | ...     | 2      |
| Sassari - -                      | ...             | 1                           | ...              | ...                            | 1       | 2      |
| Siena - -                        | ...             | 1                           | ...              | 1                              | 2       | 4      |
| Siracusa - -                     | ...             | 2                           | ...              | ...                            | ...     | 2      |
| Turin - -                        | ...             | 2                           | ...              | ...                            | 2       | 4      |
| Treviso - -                      | ...             | ...                         | ...              | 1                              | 1       | 2      |
| Verona - -                       | 5               | ...                         | ...              | ...                            | ...     | 5      |
| Total in forty-<br>two Provinces | 101             | 92                          | 15               | 8                              | 54      | 270    |

## VII. GRAND DUCHY OF LUXEMBURG.

By Messrs HENRI NEUMAN, *Privy Councillor*, and LOUIS KLEIN,  
*Agricultural Engineer.*

### I.—THE DUTY OF THE STATE IN THE MATTER AND PUBLIC GRANTS.

THE Government of Luxemburg has for a long time back believed the intervention of the State, as a help to co-operation, to be one of the most essential points in the duty which it owes to the community, in so far as co-operation amounts to a public benefit, benefiting, that is, the entire community. It is more particularly in the province of agriculture that the State has, in Luxemburg, thus far come to the assistance of co-operation, because the Grand Duchy is in the main an agricultural country, and because agriculture, beset by so many hindrances and dangers, has appeared to it to stand in greater need of assistance than industry. That does not mean that the State has done nothing for industry. It has, in truth, done a great deal. The country owes it excellent schools, technical training, exhibitions, factory inspection, compulsory provident funds, and many more things benefiting, as they were intended to do, more specifically small industry, the industry of the artisan and the working man. And at the present time it has a measure for universal old age and disablement pensions on the stocks.

However, in the present report, we have to confine ourselves to agriculture.

Well, as early as 1857, the small Agricultural Department then existing urged upon the Government the necessity of enlarging it so as to provide a well-equipped Board, at State expense, to assist the peasantry with plans for drainage and irrigation, both of which improvements were at the time very badly wanted.

“Since property in land is in this country very much subdivided, and since there are only few large landed proprietors to set a good example, it is absolutely necessary that the State should intervene to stimulate the agricultural population into action. We want special experts to instruct our peasantry and urge it on in order that they may understand the great value of irrigation and drainage works, and make their execution easier to them.” So reasoned the Department. In response to such urging the Government as a beginning set apart grants of public money to be spent in

subventions towards the particular work mentioned, which grants, so the minister explained in 1858, were intended to serve as stimuluses to prompt people to undertake the work so much needed. Experts were to be called in from foreign countries to explain to our backward peasantry how much good drainage will do, and that it would not cost nearly as much as they apprehended.

In spite of great expectations formed, the grants proved signally disappointing. Scarcely anything was done.

The Government came to the logical conclusion that something more than grants was wanted. And it set itself to apply it.

On the motion of the minister then at the head of the Government, Baron de Blochausen, a law was brought in and passed in 1883, creating a special agricultural department, such as the little embryo Board had suggested in 1857. It fell to the lot of the present Minister of State, M. Paul Eyschen, then Minister of Justice and Public Works, to carry the law into effect. And he did so with great zeal and devotion and unmistakable vigour. The new Board was to turn its attention specifically to agricultural improvements. It was to advise and direct in matters of technical training, to impress upon the peasantry the necessity and value of progress attainable by means of combined action, and to place conclusive evidence before their eyes of good results obtained by means of associated effort. The new Board was paid by the State. Not a penny was asked from the people who were to derive the benefit. Here was a valuable first-fruits of agricultural reform.

However, scarcely had the new Board begun its work, than it became evident that it was not equal to all that it was expected to do. The readiness of the public to benefit by its services had been under-estimated.

This is how in 1882 the minister, M. Thilges, explained the position of affairs:—"Our 'agricultural service' has grown in all particulars of its programme beyond what any one could have foreseen. It is more warmly appreciated from day to day, and in proportion as its work extends. Seeing how rapidly it extends an addition to its staff is indispensable."

The Agricultural Bureau was accordingly remodelled in 1887, and once more in 1901. It began in 1883 with two officers only. It now numbers twenty-four.

Unquestionably the new department did a great deal of good work. There is an easy test by which to measure this. Improvement had practically stood still between 1857 to

1883 in the period of mere grants. From 1883 forward the Board was literally deluged with applications for help and for advice.

Once more, however, experience showed that more still was wanted. The country had its advisory Board. But common action was rendered difficult by the power still given to minorities to oppose. A new law was wanted to make it possible to compel them into acquiescence. Once a scheme was shown to be plainly for the public benefit, so it was contended, the minority must be made to yield.

That was in truth the object for which the law of 23rd June 1880 had already been passed, applying, however, only to the maintenance and improvement of watercourses. That law gave power to landowners interested to take in hand certain specified works relating to watercourses, by common enterprise, if it could be shown that such improvements were required in the interest of public health or of industry or agriculture. The scheme must be carefully prepared and approved. Under the law, authority applying to the whole length of the watercourse in question might be entrusted to one person, so as to give unity to the execution, and contributions might be levied upon the adjacent landowners, apportioned in proportion to their several interests. However, that only meant laying down rules for what may be called the "police" of watercourses. What was wanted was to turn those watercourses, presumed to be in existence, to proper account for the benefit of agriculture; and that want the law as it stood did not meet. It is true that even the Code Napoleon makes some sort of provision for such employment of running water; and the effect of its clauses had been accentuated by special Luxemburg legislation of the year 1855. That was good so far as it went. However, some new impetus was required to make people act under the law and employ the power which it conferred. To provide such impetus it was that the law of 28th December 1883 was passed, which authorised the formation of "syndicates" for the execution of works of drainage, irrigation, land improvement, the making of farm roads, and any other similar work necessitating common action. "Syndicates" formed under this law might be either "free," which means that they were composed of persons uniting of their own will for certain common work, without the necessity of State interposition, or they might be "authorised," that is, endowed with certain authority by the State after previous inquiry. In the latter case unanimity was not required. A majority representing two-thirds of the value of the land affected, or



at any rate more than half, was ruled sufficient, under Government sanction. That was an important step forward, no doubt, but it was still not enough. Something more still remained to be added. The law of 11th July 1891 gave some of this. Dealing generally with provident societies, it conferred upon certain societies, including some of these very syndicates, the power of "civil personality," that is, holding property, suing and being sued. To supplement it a further law was passed in 1900 completely regulating the position of local societies formed for the common purchase of agricultural implements and utensils, machinery, artificial fertilisers, seed, feeding stuffs, live stock, or else for the formation of co-operative dairies, or the sale in common of agricultural produce or any similar enterprise. Such societies could not well be otherwise than co-operative.

One would have thought that with these two useful helps to common action provided, that is, an advisory Board and legislation facilitating co-operation, the road must have been sufficiently cleared for satisfactory progress. However, the result showed that this was not so; that a third element was still required to make the two others effective and fruitful. That third element was money.

Here is what our predecessor in the Agricultural Department, the late M. Enzweiler, observed upon this subject in an official report: "If you want to promote progress, more particularly in any novel enterprise or in an enterprise which may conceivably go wrong, you will have to be lavish of encouragement, all the more since those whom you desire to impel forward are not themselves in a position to expose themselves to the risk of failure. It is by the force of example only that the efforts made by the few in the interest of all can be carried to success. Accordingly for this beneficent purpose public interest warrants public grants. State assistance in money seems fully justified where it is applied as a stimulus to private enterprise, aiming at general benefit, as an encouragement to a work of common interest, as a reward awarded for service rendered for the public good. It is motives such as these, of a superior order, freely owned to in turn by the Government and the Chamber, which have prompted us, as they have prompted others, to put down in the budget items for grants to be spent in the service of agriculture. Under the stimulus of such grants we have seen drainage and irrigation works, the making of natural and artificial meadows, of farm roads, of liquid manure tanks, the planting of fruit trees and ever so many other agricultural improvements carried out in our country to such an

extent that other countries now envy us our proud position in the matter. The principles upon which we have acted forbid the exclusion of large properties from the benefits conferred. For example still must in many instances, more particularly when some novel enterprise is in question, come from above."

At the outset the grants voted were given to private individuals as well as to societies. However, since 1892, grants to individuals for land improvements, drainage and irrigation, and the planting of fruit trees, have been wholly discontinued. From that date forward we find them reserved exclusively for societies and parishes. The maximum amount to be given was fixed in 1892 at one-third of the outlay, the other two-thirds being contributed by the bodies subsidised. Whatever was given was made known to the public through the medium of the official organ of the Agricultural Department.

To show what were the intentions of the Government we should wish to quote some expressive passages taken from the "arguments" prepared by the present Prime Minister, M. Eyschen, at that time at the head of the particular department, in vindication of his action:—

"The work of the Agricultural Department has all along been directed," so he says, "in its particulars, by the Agricultural Commission, every member of which is a practical agriculturist. In addition to that Commission we have had the great agricultural societies to advise us. We have three, and in addition hundreds of small local societies directed by most able men of their particular calling. Instead of going far afield and seeking for advice among individuals, we have preferred to hand over the few francs which we have to give away to those societies, and let them employ them to the best advantage. Let me show you how this system has answered. Not so very long ago we had not in all Luxemburg a single agricultural journal. We have three now, and in addition there is not a political paper which does not devote some special columns to agricultural information. It appears to me that agricultural societies are our most natural auxiliaries. We should wish to see one established in every village, local, and composed of practical men who know their own interests and their wants, societies taking an interest in one another's doings, purchasing their implements, their fertilisers, and their seeds in common, combining to engage in useful experiments. The future of agriculture will be determined by the reduced cost of production, the increased yield, and the action of agricultural societies. Combined the peasantry may purchase

their machinery, fertilisers, and seeds at small cost. And it is only by combination that large improvements are practicable. However, syndicates for common action are not possible without State subventions. I fully recognise that such payments should be regulated by certain conditions. We pay them only where a sacrifice has to be made. But that sacrifice should be made not by one, but by a number of persons united together, a society of people interested. Only by such means can we hope to succeed in inducing people to undertake work in common. To allow every one to carry out his own small part of the work at his own cost must on the face of it be ruinous. The peasant, left in isolation, is powerless, more specifically in countries like our own, where property is so much subdivided.

"The two great levers for action which we find ready to our hand are these—agricultural teaching and technical knowledge on the one hand, and combination on the other. It is only by means of lectures, educational courses and the like, that we can hope to diffuse technical knowledge among our agricultural population. And it is only by active intervention, the preparation of schemes and plans by skilled men appointed by the State, and by grants to overcome difficulties, and make all parties agree, that we can hope to induce men to act together and face the risk of loss. Then in what after all does the use of a public grant consist? Not merely in the money given. Its main advantage is to be found in its stimulating effect, which carries away people to undertake works which are in the public interest. We have all along held that if we can only lead our agricultural population into the ways of progress, we shall add new value to our Luxemburg soil, and assist that population in creating an instrument which will increase our national wealth. Our grants have no other object."

The argument coming with so much authority, was understood.

At the present time there are three large agricultural societies sharing out the country among themselves, each supreme in its own district, and each publishing its own journal. Below these important bodies there are a mass of small local associations and syndicates, namely, 573 for making farm roads, 89 dairy societies, 113 drainage and irrigation societies, 20 societies for the cultivation of fruit trees, and in the last place 363 associations for common purchase and sale, of which 54 are recognised by the law courts as entitled to hold property, &c. Thus in all in the Grand Duchy of Luxemburg, with its 230,000 inhabitants,

there are no fewer than 1,244 agricultural associations of some kind or other.

There can be no doubt that to this satisfactory result, and to the even more satisfactory facts (*a*) that the Grand Duchy has been able to resist a great crisis which has again and again threatened it, and which became very acute about 1880, and (*b*) that its condition to-day may, without exaggeration, be described as flourishing and prosperous, State help applied in the three following ways has very largely contributed:—(1) By the creation of an administrative department paid by the State, and comparable to a great technical expert advice office; (2) by a reform of our legislation, bearing upon association and co-operation; and (3) by direct grants from the State purse to serve as stimulus, encouragement, means of instruction and reward.

The actual results will be described in greater detail in the next section of this report. At the present stage of our argument we content ourselves with insisting once more that State aid is necessary, but that it must be given in a varied shape, one application supplementing the other. Money alone, given without guidance and control, could not yield satisfactory results; it would leave the receivers groping helplessly in the dark. However, directed by expert hands, subjected to sound rules as to formation and conduct, and subsidised by the Treasury, societies uniting agriculturists for combined efforts can scarcely fail to bring about progress and lead straight to success.

## II.—RESULTS OBTAINED BY CO-OPERATION.

### 1. FARM ROADS.

The Grand Duchy is a country of small cultivation and cut up into very small lots of land, as the following table, describing the state of things in 1889—that is, at the time when the State began to interpose in a practical and energetic manner—sufficiently shows.

(See next page.)

*Table I.—Showing the Subdivision of Land in 1889.*

| Cantons.           | Area in Hectares. | Number of Distinct Plots. | Average Size of Plots. |
|--------------------|-------------------|---------------------------|------------------------|
|                    |                   |                           | b. a.                  |
| Capellen . . .     | 19,900            | 67,491                    | 0 29                   |
| Clervaux . . .     | 30,300            | 77,726                    | 0 35                   |
| Diekirch . . .     | 23,900            | 60,993                    | 0 42                   |
| Echternach . . .   | 18,500            | 54,879                    | 0 33                   |
| Esch s/a . . .     | 24,800            | 98,230                    | 0 25                   |
| Grevenmacher . . . | 21,100            | 84,060                    | 0 25                   |
| Luxemburg . . .    | 23,800            | 66,514                    | 0 36                   |
| Mersch . . .       | 22,400            | 41,740                    | 0 53                   |
| Redange . . .      | 26,700            | 71,476                    | 0 35                   |
| Remich . . .       | 12,800            | 83,541                    | 0 15                   |
| Wiltz . . .        | 29,500            | 72,984                    | 0 40                   |
| Vianden . . .      | 5,400             | 17,820                    | 0 33                   |
| Total . . .        | 258,100           | 797,452                   | 0 33                   |

The medium size of a plot accordingly is 33 ares, that is, .792 acre (about 119 perches), and the entire area is divided amongst 80,434 proprietors. Accordingly every proprietor owns on an average ten distinct plots. Only very rarely do those plots adjoin one another. As a rule they lie scattered over a whole parish or even over several parishes. Such scattered position is a terrible hindrance to common enterprises for improvement, enterprises which necessarily have to be carried out on a tolerable scale, if they are to be successful, such as, in particular, the making of farm roads, which require a considerable surface for execution. On the other hand, in a country so cut up and so uneven as Luxemburg, especially now that it has been driven into live stock farming in the place of grain growing, good farm roads, securing convenient access to every little plot, are imperatively wanted. We have got rid, by necessity, of the old three-field system, and every little plot is now cultivated by itself.

The following table shows to what extent the law of 1883, enabling individual landowners to combine to syndicates and carry out road improvements in common, has served this useful purpose :—

*Table II.—Showing the Length of Roads made by  
Co-operative Action.*

| Year.        | Road-making Schemes | Owners of Land. | Surface of Ground, in Hectares. | Length of Roads, in Metres. | Expense incurred, in Francs. | Subventions from the State, in Francs. |
|--------------|---------------------|-----------------|---------------------------------|-----------------------------|------------------------------|--|
| 1886         | 3                   | 416             | 475 40 04                       | 32,550                      | 39,210                       | 12,100                                 |
| 1887         | 4                   | 318             | 238 18 23                       | 14,000                      | 22,758                       | 6,300                                  |
| 1888         | 4                   | 239             | 102 68 03                       | 4,590                       | 14,350                       | 7,975                                  |
| 1889         | 10                  | 724             | 1,209 76 04                     | 38,310                      | 53,425                       | 13,175                                 |
| 1890         | 8                   | 373             | 301 36 12                       | 10,345                      | 24,620                       | 7,280                                  |
| 1891         | 29                  | 2,170           | 1,834 78 59                     | 82,269                      | 152,782                      | 48,065                                 |
| 1892         | 54                  | 3,619           | 2,527 05 11                     | 109,976                     | 162,907                      | 48,865                                 |
| 1893         | 44                  | 2,690           | 2,372 50 44                     | 97,811                      | 181,934                      | 38,040                                 |
| 1894         | 52                  | 3,044           | 3,019 11 43                     | 136,651                     | 215,907                      | 72,601                                 |
| 1895         | 50                  | 2,984           | 2,867 03 86                     | 141,635                     | 185,946                      | 63,708                                 |
| 1896         | 40                  | 2,262           | 1,569 15 11                     | 75,078                      | 130,700                      | 47,634                                 |
| 1897         | 52                  | 3,487           | 2,678 52 30                     | 126,189                     | 199,281                      | 90,040                                 |
| 1898         | 62                  | 4,068           | 3,838 88 04                     | 174,332                     | 254,321                      | 95,366                                 |
| 1899         | 43                  | 2,907           | 2,419 60 59                     | 109,032                     | 184,261                      | 70,255                                 |
| 1900         | 34                  | 1,895           | 1,675 60 87                     | 73,300                      | 156,271                      | 58,453                                 |
| 1901         | 36                  | 2,996           | 2,294 22 18                     | 100,399                     | 218,597                      | 93,702                                 |
| 1902         | 23                  | 1,593           | 1,280 66 59                     | 57,297                      | 128,277                      | 59,726                                 |
| 1903         | 25                  | 1,948           | 1,445 57 67                     | 63,991                      | 130,230                      | 36,434                                 |
| <b>Total</b> | <b>573</b>          | <b>37,733</b>   | <b>32,150 11 24</b>             | <b>1,447,805</b>            | <b>2,455,787</b>             | <b>869,719</b>                         |

Accordingly from 1886 to 1903 farm roads have been made by co-operative action on land covering 32,150 hectares; that is, about 80,375 acres, measuring 1,447,805 metres (1,581,571 yards) in length, at a total cost of 2,455,790 francs (£98,232), towards which the State has contributed 869,720 francs (£34,788). Those 80,375 acres represent about 100,000 distinct little plots, belonging to 37,733 distinct owners, that is, about 42 per cent. of the total number of landowners in the Grand Duchy (80,430). Since the entire surface of cultivated land in Luxemburg measures 125,000 hectares (312,500 acres), this network of roads means a full quarter of the cultivated territory made accessible. That is what co-operation has accomplished in this one province with the help of the State.

## 2. IRRIGATION, DRAINAGE AND MEADOW IMPROVEMENT.

The tremendous increase in the supply of corn from transatlantic countries has made grain growing a hopelessly losing venture in our country. Willy-nilly our landowners have been drawn into cow-keeping and the cultivation of forage plants. Under such circumstances the improvement of

existing meadow land by levelling, irrigation and drainage, and the making of new meadows and pastures, have become a vital necessity. The following two tables show what progress the country has made under this head under the reign of co-operation :—

*Table III.—Irrigation Improvements by State-Aided Co-operation.*

| Year.   | Improve-<br>ment<br>Schemes | Owners<br>of<br>Land. | Surface in<br>Hectares. | Expenses in<br>France. | State Grants<br>towards Ex-<br>penses in France |
|---------|-----------------------------|-----------------------|-------------------------|------------------------|---|
| 1889    | 15                          | 249                   | 191 27 09               | 61,101                 | 31,275  |
| 1890    | 18                          | 312                   | 280 29 32               | 64,134                 | 20,193  |
| 1891    | 8                           | 129                   | 96 70 21                | 22,688                 | 11,181  |
| 1892    | 9                           | 163                   | 139 02 96               | 29,060                 | 15,780  |
| 1893    | 5                           | 60                    | 29 73 65                | 6,850                  | 3,680   |
| 1894    | ...                         | ...                   | ...                     | ...                    | ...   |
| 1895    | 1                           | 26                    | 8 70 00                 | 3,000                  | 1,000   |
| 1896    | 2                           | 25                    | 15 86 30                | 4,300                  | 2,550   |
| 1897    | 3                           | 44                    | 25 65 00                | 3,300                  | 1,400   |
| 1898    | 1                           | 18                    | 7 25 00                 | 3,000                  | 5,400   |
| 1899    | 1                           | 31                    | 12 40 00                | ...                    | 6,200   |
| 1900    | 1                           | 22                    | 5 40 00                 | 900                    | 400   |
| 1901    | 3                           | 46                    | 28 50 00                | 6,150                  | 2,068   |
| 1902    | 2                           | 40                    | 11 00 00                | 3,400                  | 2,585   |
| 1903    | 2                           | 45                    | 23 17 17                | 11,749                 | 11,080  |
| Total - | 71                          | 1,210                 | 874 96 70               | 219,632                | 114,792   |

*Table IV.—Meadow Improvement and Drainage by State-Aided Co-operation.*

| Year.   | Improve-<br>ment<br>Schemes | Owners<br>of<br>Land. | Surface in<br>Hectares. | Expenses in<br>France. | State Grants<br>towards Ex-<br>penses in France |
|---------|-----------------------------|-----------------------|-------------------------|------------------------|---|
| 1889    | 8                           | 94                    | 46 27 83                | 9,226                  | 3,746   |
| 1890    | 6                           | 70                    | 30 53 36                | 7,831                  | 2,318   |
| 1891    | 5                           | 71                    | 75 23 33                | 6,323                  | 1,870   |
| 1892    | 6                           | 52                    | 21 15 44                | 4,910                  | 730   |
| 1893    | 7                           | 54                    | 16 13 85                | 5,977                  | 2,360   |
| 1894    | 3                           | 34                    | 22 33 18                | 5,350                  | 2,735   |
| 1895    | 1                           | 8                     | 3 30 00                 | 1,500                  | 1,150   |
| 1896    | ...                         | ...                   | ...                     | ...                    | ...   |
| 1897    | 1                           | 20                    | 6 97 19                 | 1,850                  | 1,150   |
| 1898    | 3                           | 59                    | 22 90 40                | 4,700                  | 1,800   |
| 1899    | 1                           | 13                    | 2 95 50                 | 650                    | 240   |
| 1903    | 1                           | 29                    | 9 16 20                 | 2,900                  | 1,000   |
| Total - | 42                          | 504                   | 256 96 19               | 51,217                 | 19,099  |

The total area of meadow land in Luxemburg is 27,169 hectares (67,923 acres). In comparison with that 1,132 hectares (2,830 acres) seem paltry. However, there are many of our meadows—for instance, those in the valleys of the Roeser and the Mersch—which require no irrigation, being irrigated by nature. Also parishes and manses, following the excellent example set by syndicates, have irrigated and drained and improved their grass land at their own expense. That applies to 358 hectares. Private owners have done the same thing in respect of 1,460 hectares under the guidance and with the help of State found experts. Thus here we have, not 1,132, but 2,950 hectares actually improved. That is an indirect benefit obtained from co-operation. The total outlay has amounted to 680,000 francs at the rate on an average of 230 francs per hectare. Moreover, new syndicates for the above purposes are in course of formation.

### 3. AGRICULTURAL SUPPLY ASSOCIATIONS.

We have had agricultural co-operative associations formed to purchase fertilisers, feeding stuffs, machinery, and implements since a considerable time back. The first positively known to have existed was formed in 1875. Since that time the number has grown. However, the main increase dates from 1883, when the new law was passed facilitating their formation.

Table V. shows that supply societies, purchasing goods for the benefit of 13,350 families, have done a very large business. Their capital invested in buildings and plant amounts to over one million francs (£40,000). And it ought to be borne in mind that all this machinery, kept for common use, necessitates a considerable annual outlay in repairs and maintenance, probably somewhere about 25,000 francs. And £240,000 for artificial manures is not bad.

(See next page.)



*Table V.—Showing the Extension of the Agricultural Supply Movement.*

| Year. | Number of Societies. | Member-ship. | Number of Store-houses. | Value of Buildings and Agricultural Machinery kept for common employment, in France. | Value of Artificial Fertilisers bought in common, in France. | State Grants towards the Expenses, in France. |
|-------|----------------------|--------------|-------------------------|--|--|---|
| 1880  | 6                    | ...          | ...                     | 1,527  | ...  | 1,700   |
| 1881  | 10                   | ...          | ...                     | 2,160  | ...  | 1,000   |
| 1882  | 14                   | ...          | ...                     | 3,150  | ...  | 1,400   |
| 1883  | 17                   | ...          | ...                     | 6,742  | ...  | 1,700   |
| 1884  | 32                   | ...          | ...                     | 10,912   | ...  | 3,200   |
| 1885  | 42                   | ...          | 1                       | 19,150   | ...  | 4,977   |
| 1886  | 58                   | ...          | 2                       | 34,073   | ...  | 6,577   |
| 1887  | 67                   | ...          | 3                       | 50,755   | ...  | 7,477   |
| 1888  | 95                   | 3,325        | 3                       | 82,351   | 99,550   | 9,500   |
| 1889  | 134                  | 4,824        | 4                       | 100,733  | 197,550  | 14,177  |
| 1890  | 186                  | 6,510        | 8                       | 122,584  | 250,450  | 21,703  |
| 1891  | 231                  | 8,085        | 10                      | 176,542  | 298,050  | 24,654  |
| 1892  | 253                  | 9,614        | 19                      | 251,202  | 326,550  | 32,293  |
| 1893  | 275                  | 10,215       | 22                      | 311,260  | 16,373   | 29,831  |
| 1894  | 281                  | 10,430       | 30                      | 339,900  | 365,490  | 34,316  |
| 1895  | 286                  | 10,615       | 43                      | 380,190  | 304,570  | 38,701  |
| 1896  | 290                  | 10,723       | 50                      | 411,500  | 344,940  | 34,439  |
| 1897  | 297                  | 11,931       | 65                      | 474,988  | 340,570  | 41,355  |
| 1898  | 318                  | 11,181       | 88                      | 567,633  | 362,320  | 49,671  |
| 1899  | 328                  | 11,657       | 111                     | 628,630  | 468,533  | 50,671  |
| 1900  | 352                  | 12,777       | 131                     | 761,405  | 505,873  | 50,740  |
| 1901  | 355                  | 13,193       | 154                     | 863,924  | 554,735  | 53,371  |
| 1902  | 361                  | 13,200       | 165                     | 922,077  | 713,302  | 44,647  |
| 1903  | 365                  | 13,350       | 185                     | 1,003,677  | 790,000  | 52,040  |
| Total | 365                  | 13,350       | 185                     | 1,003,677  | 5,939,026  | 610,545                                       |

*Table VI.—Showing the Increase in the Number of Co-operative Dairies.*

| Year. | Number of Dairies. | Member-ship. | *Litres of Milk Supplied. | † Kilo-grammes of Butter turned out. | Value of Butter Sold, in France. | State Grants, in France. |
|-------|--------------------|--------------|---------------------------|--------------------------------------|----------------------------------|--------------------------|
| 1894  | 9                  | 537          | 446,760                   | 15,920                               | 40,737                           | ...                      |
| 1895  | 10                 | 634          | 1,147,900                 | 40,030                               | 83,764                           | 12,603                   |
| 1896  | 11                 | 708          | 2,012,700                 | 73,910                               | 169,145                          | ...                      |
| 1897  | 17                 | 1,171        | 2,404,800                 | 92,500                               | 230,706                          | 11,680                   |
| 1898  | 29                 | 2,047        | 4,784,500                 | 184,020                              | 452,886                          | 9,900                    |
| 1899  | 52                 | 3,143        | 7,993,500                 | 319,740                              | 788,310                          | 7,900                    |
| 1900  | 56                 | 3,319        | 10,288,400                | 430,746                              | 1,055,320                        | 30,375                   |
| 1901  | 62                 | 3,708        | 12,442,800                | 491,040                              | 1,203,000                        | 40,000                   |
| 1902  | 80                 | 3,741        | 12,497,000                | 503,960                              | 1,234,700                        | 40,000                   |
| 1903  | 89                 | 3,810        | 12,989,000                | 526,560                              | 1,290,070                        | 35,000                   |
| Total | 89                 | 3,810        | 67,007,360                | 2,678,426                            | 6,548,638                        | 187,358                  |

\* A litre is equal to 1,759 pints.

† A kilogramme is equal to 2½ lbs.

The formation of co-operative creameries, which began in 1894, has proved an unspeakable benefit to Luxemburg agriculture. There are 3,810 families now interested in them, supplying in 1903, 12,989,000 litres of milk, which means on an average 9 litres per day and per family. On the face of it, with such a puny supply, the people supplying the milk are bound to be small folk, day labourers and others, to whom a few pence more obtained for their milk are of great consequence. In their minute establishments they could not make butter to good purpose. Combination has converted their cows into a source of distinct profit. Their little dairy has become a veritable savings bank, stored with lucky pennies, and has stimulated them to greater effort. The proof of this is to be seen in the better quality of milk produced, which means that more nourishing food has been given, which adds a fresh profit. Here are the quantities of milk required for turning out a kilogramme of butter:—In 1894, 29 litres; in 1895, 28 litres; in 1896, 27; in 1897 and 1898, 26; in 1899, 25; in 1900, 24·5; after that, up to 1903 inclusive, 25 litres. All this, one advance leading to another, is due to the facilities provided by the State for forming co-operative dairies supported by actual grants. Of the 89 dairies in existence, 83 have combined, and now form a union which sells their milk for them.

*Table VII.—Showing the Increase in Provident Societies for Live Stock Insurance, now formed into a Federation.*

| Year. | Number of Societies. | Membersh-<br>ship. | Number of Cattle Insured. | Value of the Insured Beasts, in Francs. | State Grants, in Francs. |
|-------|----------------------|--------------------|---------------------------|---|--------------------------|
| 1900  | 25                   | 1,646              | 3,820                     | 1,067,000                               | 15,000                   |
| 1901  | 55                   | 3,746              | 8,562                     | 2,407,000                               | 20,000                   |
| 1902  | 99                   | 5,922              | 13,444                    | 4,261,000                               | 20,000                   |
| 1903  | 122                  | 8,278              | 18,576                    | 6,887,000                               | 25,000                   |
| 1904  | 134                  | 8,772              | 20,777                    | 7,550,000                               | 30,000                   |
| Total | 134                  | 8,772              | 20,777                    | 7,550,000                               | 110,000                  |

The live stock insurance societies have been very well received by our agricultural community. This is shown by the steadily increasing number of beasts insured. It now represents 34 per cent. of the entire cattle to be found in the Grand Duchy.

*Table VIII.—For the Promotion of Fruit Culture.*

| Year. | Number of Societies. | Membership. | Number of Trees belonging to the Societies. |
|-------|----------------------|-------------|---|
| 1902  | 5                    | 255         | 26,262                                      |
| 1903  | 18                   | 652         | 48,121                                      |
| Total | 18                   | 652         | 48,121                                      |

The result seems small. However, the movement is in its first stage. It is of very recent origin. The object of the societies is to unite the owners of fruit trees in a locality for the purpose (1) of realising a better return from their fruit, and (2) of preventing the spread of cryptogamic and other disease due to the negligence of individual owners. The societies are formed under the supervision of the agricultural department, and they spread slowly because organised only with care. A society first forms in a well-known fruit district, and from that centre the movement spreads around. The State has not yet given any assistance in money to these societies, but it gives prophylactics and curatives for fruit-tree diseases, and places the service of its expert staff at societies' disposal.

## SUMMARY.

The following table recapitulates what has been said in figures.

|   | Cost incurred of<br>the Share Capital<br>of Societies.<br>Francs. | Contribution<br>made by<br>the State.<br>Francs. |
|---|---|--|
| 1. Farm Roads made - - -                                    | 2,455,787   | 869,719  |
| 2. Drainage, Irrigation Improve-<br>ment - - -              | 680,000   | 150,000  |
| 3. Sheds and Plant of Local Agri-<br>cultural Societies - - | 1,003,677   | 610,545  |
| 4. Buildings and Material of<br>Co-operative Dairies -      | 300,000   | 187,358  |
| 5. Value of Cattle insured by<br>Co-operation - - -         | 7,500,000   | 110,000  |
| 6. Value of Butter sold - -                                 | 6,548,638   | 187,358  |
| Total - - -   | 18,488,102  | 2,114,980  |

The figures under heads 1, 2, 3, and 4 show that the State has contributed about 40 per cent. of the expense incurred.

Such are the principal results of co-operation applied to agriculture, aided and directed by the State, in the Grand Duchy of Luxemburg. They prove, we believe, that *without* co-operation the cultivator is to-day not in a position successfully to maintain himself, but that *with* co-operation, assisted at any rate during its earliest stages by the community, he is still able to derive a remunerative and even handsome income from his land. His attachment to his native soil, his devotion to his little country, his love of independence and of order and peace are likely to become only more intense under such influence. We hold that the words "co-operation well applied" are identical with "National Progress," and that all sacrifices made to ensure its prosperity are sure to be well repaid. The welfare of nations, more specifically of small ones, is to be assured by judiciously organised co-operation.

## VIII. SWITZERLAND.

*From information received from various sources.*

THE only form of co-operation directly subventioned by the State in Switzerland is that practised for the purpose of improving or maintaining the breed of cattle. Agricultural co-operation is, however, not a little benefited by the excellent instruction in agricultural subjects, and in some cases also in the practice of co-operation, given in the agricultural schools maintained by the State. For the purpose of encouraging cattle-breeding associations grants are made in aid of first formation expenses by the Cantons, varying from nothing to 200 francs, and by the Federation in addition, varying generally from 100 to 300 francs, the amount being regulated by the value of the bull purchased. Annual grants are also made by the Cantons at the rate, generally speaking, of from 15 to 1,800 francs per society, in proportion to the size of the society and the results obtained. Such subventions are appropriated to prizes awarded in accordance with the number of "points" declared by the judges, at the rate of from 15 centimes to 1 franc per "point," according as the cantonal government is more or less favourable to co-operation. All

this is done under clause 17 of the law of 22nd December 1893. However, subventions toward formation were made previously. But the figures show a break in the grants in the year when the law was passed.

The following are the figures indicating the amounts granted, furnished to us from Berne:—

| Year.  | GRANTS TOWARDS FORMATION EXPENSES. |                   | ANNUAL GRANTS. |                  |
|--------|------------------------------------|-------------------|----------------|------------------|
|        | No. of Societies.                  | Amount of Grants. | Brown Cattle.  | Streaked Cattle. |
| 1890 - | - 24                               | 7,200 fr.         | ...            | ...              |
| 1891 - | - 49                               | 14,700            | ...            | ...              |
| 1892 - | - 58                               | 16,800            | ...            | ...              |
| 1893 - | - —                                | —                 | ...            | ...              |
| 1894 - | - 23                               | 6,340             | ...            | ...              |
| 1895 - | - 38                               | 10,700            | ...            | ...              |
| 1896 - | - 46                               | 12,930            | ...            | ...              |
| 1897 - | - 21                               | 6,150             | 4,483.74 fr.   | ...              |
| 1898 - | - 43                               | 12,050            | 9,726.48       | 3,710 fr.        |
| 1899 - | - 20                               | 5,900             | 7,052.4        | 6,142.07         |
| 1900 - | - 17                               | 4,750             | 6,539.28       | 8,165.91         |
| 1901 - | - 12                               | 3,550             | 7,101.65       | 7,189.55         |
| 1902 - | - 25                               | 6,950             | 7,245.92       | 7,308.36         |
| 1903 - | - 17                               | 4,600             | ...            | ...              |

In addition, co-operative societies occupying land benefit like other landowners by the grants made towards land improvement, the amount of which, according to Rektor Abt, varies from 20 to 80 per cent. of the cost.

## IX. BELGIUM.

*From information received from various sources.*

THE State in Belgium affords no direct aid to co-operative organisations except, since some years, to agricultural credit societies of the Raiffeisen type. There is no law to regulate this, but as a matter of fact the Ministry of Agriculture appears to allow 100 francs (£4) to every Raiffeisen bank whose registration is gazetted in the *Moniteur*, as a subvention towards its first establishment expenses. The Government also allows central credit societies of the Raiffeisen type 25 francs a year in respect of each society affiliated, to make good the cost of inspection and audit.

Small cow insurance clubs and some other rural, and as a rule "catholic," societies also receive small grants on the Government's own authority. However, they are so dealt with not as being co-operative, but provident institutions.

Some indirect help is given by the National Savings Bank in the shape of easy credits to credit societies of the same type under a law of 1894, after the law of 1884 authorising credit to individual agriculturists through the interposition of the *comptoirs agricoles* had proved almost a dead letter. Under that older law, on 31st December 1902, only eight *comptoirs agricoles* were in existence, negotiating loans at a rate of interest reduced from 4 per cent. to  $3\frac{1}{2}$  per cent. for sums under, and  $3\frac{3}{4}$  per cent. for sums over 10,000 francs. The number of loans outstanding at the date named was 1,372, of an aggregate value of 6,753,241 francs. The number of loans granted during the year 1902 was 279 of the value of 1,447,925 francs. The total number of loans granted since 1884 till 1902 (inclusive) was 1,971, amounting to 12,706,965 francs.

This was considered very unsatisfactory. The introduction of rural credit societies of the Raiffeisen type appeared to justify a new effort. It was thought that to function satisfactorily, such small institutions must, at any rate in the earliest period of their existence, have a strong financial organisation at their back to supply them with funds. As a matter of fact those credit societies have deposited far more with the National Savings Bank than they have borrowed from it. Loans are granted at  $3\frac{1}{2}$  per cent. interest for periods varying in length. The credit assignable to each, but actually served only through the interposition of one of the Central Banks existing (six at present) which has to make itself responsible, is calculated by the National Savings Bank in the following way. The number of members is multiplied by 200 francs, and the total of unpledged assets in cash and half of the assets in loans outstanding are added, after which all liabilities are deducted. The figure of 200 francs as representing the pledge value of every member, is likely to be increased, possibly doubled. There were in 1902, 316 loan societies in existence, which on 31st December 1902 held among them 10,499,423.21 francs in deposits, and had loans outstanding to the value of 3,732,972.31 francs. Accordingly the credit societies acted far more as savings banks than as loan societies. Only 101 of the 316 had asked for credits to be assigned to them by the National Savings Bank. The credits assigned amounted in all to 404,682 francs. But of that sum only 94,128.46 francs had been actually claimed. On the other hand, 5 Central Banks and 218 local banks had deposited money with the National Savings Bank to the amount of collectively 7,043,850.74 francs.

The National Savings Bank also advances money to

organisations for the construction of working-men's dwellings. However, for reasons fully explained by the Director-General of the Bank, M. Omer Lepreux, at the Manchester Congress, co-operative building associations benefit only to a small extent by this practice, because they have less security to offer than joint-stock societies, inasmuch as their unpaid-up share capital cannot be taken into account. At the end of 1902 there were only nine co-operative building societies on the books of the National Savings Bank, holding collectively 2,736,418.35 francs advanced by that institution.

## X. SERVIA.

FOR particulars about State-aid in Servia see M. Avramovitch's report under "Co-operation," p. 542.

## XI. THE NETHERLANDS.

By Mr G. J. D. C. GOEDHART.

UNDER an order made by M. Goeman Borgesius, when Minister of the Interior, an annual grant of 2,500 guilders is made from State funds to the central organisation of local agricultural banks of the Raiffeisen type as a contribution towards administrative expenses. The money must not be employed for any other purpose, *e.g.*, in loans. The grant is subject to the approval of Parliament.

Apart from this, the only assistance given by the State to co-operative societies is exemption from the ordinary stamp on the annual balance-sheet, a matter of two or three guilders in each case.

Municipal bodies have authority under a law passed in 1902 to advance money to societies, co-operative and otherwise, which make it their business to improve the dwelling accommodation for the working classes, provided that such societies pay no interest on share capital superior to 4 per cent., any surplus realised going towards housing purposes, and that their rules have been approved by the Government and their names placed on an authorised list by a special Board appointed to deal with the matter. The advances

made are charged on the property as mortgages. There are no returns showing to what extent this law has been put in force.

## XII. DENMARK.

By M. P. BLEM, *Member of the Rigsdag ; Chairman of the Danish Co-operative Committee.*

THE State does not in Denmark afford any direct aid to co-operation. However, it opens its purse pretty freely, and contributes much expert labour in the shape of control and supervision for the benefit of agriculture, and co-operation in agriculture in this way derives some serviceable indirect support from its generosity. Agriculture, it may be well to point out, is the great productive industry of Denmark, supplying about 90 per cent. of its exports. It benefits by no protective duty, for no agricultural produce is taxed in Denmark except cheese. And the effect of the cheese tax is, not that the country derives a revenue from the duty, but that Denmark, the land of all others of milk and cream, exports no cheese. On the other hand, agriculture contributes its share towards indirect taxation in paying duty upon the industrial products which it cannot do without.

Co-operative societies for the common purchase of agricultural requirements receive no subvention or other assistance; but they benefit not a little by the provision made for the prevention of adulteration in the trade, more specifically in seeds and manures. The Government since some years maintains an office in which samples of seeds are tested for genuineness and germinating power, towards the expense of which it contributes one-half, about £380 per annum, from public funds. The other half is raised by fees paid by the parties bringing seeds to be analysed. Since about a fourth of the trade in seeds, which amounted to £356,660 last year, falls to the share of co-operative societies, the benefit to the latter is appreciable.

The Government furthermore defrays the expense of an analysing station for artificial manures, which stands it in about £167 per annum. Denmark employs annually about £267,200 worth of artificial fertilisers, the co-operative societies once more taking one-fourth. Therefore here again State help proves a benefit.

Co-operative dairies are not in any way subsidised as such. However, the State pays the following sums annually



towards the furtherance of the dairy industry, co-operative and non-co-operative :—

- |   |           |       |
|---|-----------|-------|
| 1. For improving methods of milking   | - - -     | £778  |
| Of this amount part is spent in salary for an expert and teacher, and the rest for carrying on regular courses of instruction on milking all over the country.  |           |       |
| 2. For statistical inquiries in connection with the dairy industry  | - - - - - | 500   |
| This grant pays an expert, who compiles weekly reports relating to the prices paid for butter, and statistics respecting the dairy industry. A copy of such statistics is furnished to every dairy which contributes information. About half of the dairies existing are interested in this matter. |           |       |
| 3. Contributions towards the control of heating in dairies by a dairy expert  | - - - - - | 56    |
| 4. Contribution towards the expenses of local exhibitions of samples of butter  | - - - - - | 222   |
| And furthermore towards the salaries, office allowances, and travelling expenses of four local dairy experts  |           |       |
|   | - - - - - | 700   |
| 5. Half the salary and travelling expenses of an expert on co-operative slaughterhouses   | - -       | 111   |
| 6. Salaries, office and travelling expenses of agricultural attachés in London and Hamburg, whose work is found extremely useful  | - -       | 1,444 |
| 7. For assisting dairymen and women in extending their experience and knowledge of their profession   | - - - - - | 1,111 |
| These grants amount in all to   | - - -     | 4,922 |

The Royal Danish Agricultural and Veterinary School at Copenhagen receives towards the maintenance of its "Agricultural Economic Testing Laboratory" a grant of £5,556 annually. In that laboratory butter from the dairies and bacon from the slaughterhouses undergo examination, and the school carries on experiments with regard to the feeding of cattle and swine at various experimental stations in the country, also with regard to the best methods for producing butter and bacon in dairies and slaughterhouses.

The State furthermore defrays the expenses of a bacteriological and physiological department.

These various grants total up to about £11,000. Experience here shows such expenditure to be well bestowed and resulting in material advantage to Danish agriculture.

The State also assists agriculture directly by means of subventions in furtherance of improved breeding and keeping of domestic animals.

For these purposes £2,222 are given to the Royal Agricultural Society and the various agricultural associations, and in addition—

- |   |         |
|---|---------|
| 1. For prizes to horses, cattle, sheep, and swine at the annual shows - - - - -         | £15,550 |
| 2. Subventions to breeding societies for horses, cattle, and swine - - - - -            | 14,770  |
| 3. For other work connected with the breeding and keeping of domestic animals - - - - - | 13,330  |

(These subventions are as a rule given subject to the conditions that similar amounts are spent for the same purposes by the various societies.)

- |  |        |
|--|--------|
| 4. For agricultural experts - - - - -                                    | £2,600 |
| 5. For travelling expenses to judges, for printed matters, &c. - - - - - | 1,800  |

State assistance is also given to promote good husbandry in small holdings (cotters' farms), in the following forms :—

- |   |        |
|---|--------|
| 1. Prizes for good cultivation of small holdings and for travelling expenses to small holders - - - | £5,000 |
| 2. For courses of agricultural instruction to small holders - - - - -                               | 2,160  |

Therefore, in all, under this head £55,210 is expended.

These subventions have contributed very considerably to the marked improvement which has taken place during the last decade in the keeping of domestic animals which the Danish farmers hope shall also continue in future.

Thus the total amount spent annually from State funds in assistance to agriculture is shown to be £71,681. Of this sum co-operation, applied to agriculture, receives its fair share.

### XIII. FINLAND.

By Dr HANNES GEBHARD, *President of the Society "Pellervo."*

CO-OPERATION has in Finland been fortunate in having had the State all along to befriend it. It was in reply to its first appeal that the State in 1901 passed the co-operative law now in force.

Grants specifically in money are given by the State in three distinct forms: in the first place, in the shape of payments in aid of propagandist and organising work (see I. and II. below); secondly, in the shape of advances on easy terms (see II. and III.); and thirdly, in the shape of gifts towards working purposes. Grants of the last-named kind are, however, not made to co-operative societies as such, but for distinct technical purposes to institutions such as agricultural syndicates and breeding associations.

I. The State has regularly assisted the society "Pellervo" since 1900 with an annual grant at first of 20,000 francs, which was in 1902 raised to 26,000 francs, and is fixed for 1905 at 54,000 francs.

II. The Central Bank of Agricultural Credit Societies receives from the State, in the first place, annually 20,000 francs for purposes of management, from 1st January 1903 to 31st December 1912; in the second, a loan of 4,000,000 francs at 3 per cent.

III. The State makes money advances to co-operative dairies for first installation expenses, on easy terms, which include repayment by instalments.

IV. Breeding societies receive from the State grants in aid of the purchase of choice beasts.

V. Agricultural syndicates receive grants, through the interposition of provincial agricultural societies, for technical education, shows, prize competitions, &c.

VI. Under the co-operative law, co-operative societies are exempt from certain fees payable to public offices for official acts.

### XIV. NORWAY.

By ISAK BJERKNES, *Secretary of the Norwegian Ministry of Agriculture.*

THE State has tried in various ways to encourage co-operation, partly by direct means, partly by indirect.

Thus the State makes direct grants for the purchase of stallions to the horse-breeding associations, and for the

purchase and keeping of bulls to the cattle-breeding associations, and also grants up to 150 K. per society to the control societies which study the material results of improved breeding. In addition the State has made direct contributions in aid of co-operation for the export of dairy produce, and has also caused practical experiments to be instituted to show which is the best method of churning and the like.

Beyond this the State has on various occasions provided the funds for travels of study in the interest of co-operation. Thus Mr O. Dehli, advocate at the High Court, was sent to England in 1894, and Professor Ebbe Hertzberg as well as Mr Bull-Tornoe have in 1898 and 1899 visited various European countries on a similar errand, and Mr Isak Bjerknes in 1902 Denmark and Germany, all of them with the object of placing the experience of other countries at the service of their own by the introduction of co-operation.

In the same way some societies in receipt of Government grants have despatched students abroad to investigate co-operative questions.

Indirectly the State has encouraged the work of co-operation in other ways. Lecturers have on various occasions been sent out by the Board of Agriculture to explain the value of co-operative institutions, loans have been granted at low rates of interest from public funds to agricultural supply societies, but no actual subventions have been made under this head.

## XV. SWEDEN.

By G. H. VON KOCH, *Secretary of the Swedish Co-operative Union.*

THE State has for some years back exerted itself by grants of money and the use of its influence to promote instruction among small cultivators, and to assist them in their calling.

The agricultural societies\* have rendered assistance in this work by additional grants. The assistance rendered has frequently taken the shape of prizes awarded for good management of small holdings. Moreover, small cultivators have been sent at the expense of the State and of societies to study agricultural co-operation in Denmark and Skane. In 1901, the Royal Department of Agriculture brought out a handbook on agricultural co-operation for the use of such small

\* The agricultural societies are an old form of farmers' unions within the same *Län* or district. They obtain their principal revenue from the duty on spirits (*brännvin*).

peasantry. Its object was to instruct small cultivators in the first rudiments of the co-operative system, with a view to common selling as well as common buying. The book points out the practical importance of co-operative dairies, control societies, cattle breeding societies, supply societies, and societies for the sale of eggs. Model rules, copied from those adopted by standard societies existing, are given, so as to facilitate organisation on similar lines. This handbook is purposely sold at the very low price of 50 öre, or even distributed gratuitously, in order that it may reach the largest possible circle of readers. There can be no doubt that it has proved of great practical utility, and directly led to the formation of a considerable number of co-operative societies.

A direct subvention is granted to the societies known as "Control societies," that is, unions of small farmers formed for the purpose of ascertaining the effect produced upon the cows kept by improved breeding. Each society appoints an expert, who at certain times examines the milk produced, both as regards quantity and also quality, as demonstrated by the percentage of fatty matter, and also inquires into the amount of nourishment given and its return, and various other points, and tabulates the results for the instruction of members. The "Control societies," which are numerous both in Denmark and Germany, at present number 240 in Sweden. Their work necessitates the employment of rather expensive utensils, towards the purchase of which the agricultural societies have, since some years, granted a subvention. That subvention varies between 50 and 200 kroner per society. For the year 1903, 13 of the 24 agricultural societies of Sweden expended in such grants the respectable sum of 16,089.50 kroner. During the present year the State has likewise granted subventions at the rate of 150 kroner per society on the condition, among others, of the grant given by the local agricultural society reaching 1 kroner per cow. Since new year, 33 societies have applied for such State subsidy. The State, in addition, has allowed 2,000 kroner for three courses to be given for the training of qualified assistants to "Control societies." By means of such courses 100 assistants may be trained every year.

Subventions to so-called "bull societies" are granted by a number of agricultural societies. The "bull societies" have for their object the purchase of first-class sires for the improvement of the breed of cattle of the particular place. Such grants sometimes are very considerable. Thus, in 1903 the *Län* of Gothenburg and Bohus granted no less than 900 kroner, that of Vermland 957 kroner, that of Norrbotten

987 kroner, and that of Yamtland even 2,390 kroner, all as subventions to "bull societies."

Grants for the organisation of agricultural supply societies were given in 1903 only by two agricultural societies, viz., the society of Västernorrland (450 kroner) and that of Kristianstad (250 kroner).

The agricultural societies, moreover, subvention a number of societies having for their object the improvement of live-stock, the production and selection of good seed, and the purchase, during years of dearth, of seed for the use of small farmers.

In conclusion it may be mentioned that the State is committed to facilities and also to material help in the shape of advances to be given to societies and joint-stock companies formed to create new small holdings, and to set up good dwellings for working men and small cultivators.

## XVI. ICELAND.

*From information received from various sources.*

THE Government of Iceland assists co-operation in various ways. It allows to every dairy society newly forming a subvention of 2,000 kroner, and in addition places loan money at its disposal on easy terms. The current budget for 1904-5 includes an item of 30,000 kroner for such loans, to be granted at 3 per cent. interest, with repayment spread over twenty years, on the understanding that no repayments need be made in the first five years. Furthermore it pays a bounty varying from 5 to 10 öre per Danish pound on butter exported and fetching a certain price. Such bounty absorbs something like 5,000 kroner each year.

A subvention amounting in all to 24,000 kroner per annum is paid to agricultural societies and distributed to them in proportion to the labour employed, something like 300 kroner being allowed, of late, for every 1,000 working days.

In addition the Búnadarfélag Islands (the "Agricultural Society of Iceland"), acting as central society, receives an annual subvention which at present amounts to 33,500 kroner, and figures for that amount in the budget for 1904-5.

## (C.) Centralisation of Co-operative Banking by means of a Central Bank.

### I. THE CENTRAL STATE BANK OF PRUSSIA.

By Dr HEILIGENSTADT, *President of the Bank.*

THE Central State Bank of Prussia, constituted under the law of 31st July 1895, began its operations on 1st October of the same year. The State at first placed only 5,000,000 M. (£250,000) at its disposal for working capital. The amount was, however, soon (that is, on 8th June 1896) increased to 20,000,000 M., and on 20th April 1898 to 50,000,000 M. (£2,500,000). It is at that figure that the endowment now stands. The Bank is intended as a central institution for credit and banking operations in the interest of co-operative societies in Prussia. Its object accordingly is of a social-economic character, namely, to promote and strengthen personal credit for the benefit of the humbler and middle classes, who, being themselves only sparingly endowed with capital, contribute to the production of wealth in the main by their own personal labour. Up to the time of the creation of the Prussian Central State Bank those classes, no matter whether industrial or agricultural in their occupation, but more specifically the latter, had no organised personal credit to fall back upon at a moderate rate of interest and adapted to their particular circumstances, or else a credit only within very narrow limits.

Obviously, it is only by means of co-operative organisation that in the case of the financially feeble the want of personal credit can be effectually satisfied. Only by means of co-operation can the capacity for credit and the deservingness of credit of the individual be measured and converted, on a sufficiently large scale, into an economic value capable of being pledged. And only with the help of co-operation can the strata of society, which are economically feeble, be placed in effective communication with the great monetary centres. However, under the existing organisation of professional banking, which it would be difficult to alter, even the power of co-operation appears in this matter all too narrowly limited.

For when dealing with co-operative organisations, even by the comparatively easy method of current accounts, the great banking institutions of the country obviously cannot forego the condition of demanding adequate bankable security. Bankable security, however, is just what co-operative institutions are rarely in a position to supply to any considerable amount, because in co-operative institutions the formation of capital or pledgeable assets is by the very nature of things slow, and need is sure to be greatest where such formation is least developed. And this hindrance may be said to hamper even societies of old standing, in which the creation of capital has been in progress for some time, and which have as a rule succeeded in some measure in adapting themselves to the requirements of the banking market. In more recently formed societies, more particularly in agricultural districts, the obstacle is painfully in evidence. Such societies are only very rarely in a position to satisfy bankers' requirements at all. The Prussian Central State Bank was formed to bridge over the existing chasm and bring demand and supply together by interposing between them a powerful institution which, having no selfish interest of gain or profit to study, might be employed to satisfy the needs of personal credit on reasonable conditions in the case of the lower and middle classes, united for productive purposes in co-operative societies, and at the same time to serve as a convenient central money office, in which demand for and supply of funds might be brought into direct contact and made to balance one another by taking from the one and filling in to the other, while, in the last place, opening a channel for direct communication with the great outside banking market. The Prussian Central State Bank was in fact to act within its narrower sphere of co-operative societies much as the Imperial Bank—so to call it, the “Bank of England” of Germany—does in the wider sphere of the empire, when regulating the circulation of money, facilitating the play of demand and supply by means of a “clearing house,” and providing the capital required. The Prussian Central State Bank in its turn was to form the connecting link between co-operative institutions and the great money centres, to balance the want of capital in one place by drawing upon the abundance of another, and profitably to invest any temporary surplus entrusted to it as deposits. In view of the difficulty necessarily presenting itself to a central institution in examining and correctly appreciating the claims for credit of societies applying, it was laid down from the outset that the State Bank should advance money (otherwise than on adequate tangible security) only to unions



and combinations of co-operative societies (central banks, general unions, &c.), not in any case to individual societies.

The conditions for credit to be allowed are regulated on fixed principles. There is legislation in force defining the precise measure of liability attaching to persons under divers forms of co-operative organisation, and those regulations have of course been accepted. They lay it down that, in societies formed under unlimited liability, all members are equally liable, jointly and severally, to the last penny of their several estates; on the other hand, in societies registered under limited liability, members are liable only to the extent of their shares. Accordingly, in societies in which liability is unlimited, the Central State Bank has the estates of all members collectively to look to for its security, in limited liability societies only the subscribed share capital. On such grounds something like an estimate of the security ultimately to rely upon may be formed. That estimate represents, in the technical language of Central Bank finance, the "capacity for liability" of each institution. The full limit up to which its liability could under pressure be satisfied is bound in all cases to exceed the figure found. However, notwithstanding such margin, actual business is transacted only on the understanding that under unlimited liability only 10 per cent. of the total estate, ascertained as is here supposed, is taken into account, and where liability is limited, only the actual figure of the share capital, with some deduction made for security.

At the close of March 1904, the Prussian Central State Bank was in business relations with 52 distinct unions and central banks of co-operative societies. Of the 52, 50, representing collectively 5,438 individual societies and 528,148 individual members, were themselves organised on co-operative lines. The remaining two were banks serving co-operative unions, but not themselves formed as co-operative societies, and representing between them 3,907 societies and 359,516 members. Thus all in all, the Central State Bank found itself in business relations mediately with 9,345 co-operative societies and 887,664 individuals.

Of the said 52 central banks there were:—

|  | Central<br>Banks. | No. of Societies<br>which they<br>represent. | Total Indi-<br>vidual<br>Membership. |
|--|-------------------|--|--------------------------------------|
| Mainly urban or industrial<br>(artisans' societies, &c.) - | 19                | 405  | 80,563                               |
| Mainly rural and agricul-<br>tural - - - -                 | 33                | 8,940  | 807,101                              |

All the nineteen urban central banks were organised as co-operative institutions.

The balance-sheet of 31st March 1904 shows that at that date the Prussian Central State Bank owed to co-operative organisations on current account 7,873,280.41 M. (£393,664). It held 27,413,682.34 M. (£1,370,684) in deposits. On the other hand it held 37,543,363.25 M. (£1,877,118) in bills of exchange, whereof 11,987,444.40 M. (£599,372) were discounted for co-operative organisations; 1,798,898.94 M. (£89,950) in claims on advances made on security, whereof 228,498.34 M. (£11,430) against co-operative organisations; and 13,749,626.88 M. (£687,481) in claims on current account, whereof 12,003,070.09 M. (£600,153) against co-operative organisations.

The credit business between the Prussian Central State Bank and its corporate customers has grown from year to year in a really astounding manner. Leaving out of account the credit given in respect of securities pledged, &c., business has developed as shown in the following table:—

| Financial Year.        | Current Account. |                  | Bills and Promissory Notes discounted. |
|------------------------|------------------|------------------|--|
|                        | Money coming in. | Money going out. |  |
|                        | Mk.              | Mk.              | Mk.                                    |
| 1895 ( $\frac{1}{2}$ ) | 10,870           | 6,054            | ...                                    |
| 1896                   | 85,160           | 65,553           | ...                                    |
| 1897                   | 74,983           | 74,758           | 43,071,000                             |
| 1898                   | 127,511          | 123,771          | 48,634,000                             |
| 1899                   | 142,914          | 140,595          | 55,625,000                             |
| 1900                   | 188,398          | 189,132          | 78,237,000                             |
| 1901                   | 226,982          | 242,033          | 86,907,000                             |
| 1902                   | 273,496          | 275,597          | 93,216,000                             |
| 1903                   | 288,056          | 286,882          | 79,133,000                             |

In 1903 the money paid out to central banks on current account amounted on an average to 951,000 M. (£47,550) per working day, the money coming in from them to 947,000 M. (£47,350). The average number of bills and promissory notes presented for discounts was 54.04 per working day, meaning a value of 261,165.06 M. (£13,058).

In its dealings with central co-operative banks the Central State Bank has studied to avoid as much as possible fluctuations in the rate of interest, at any rate in respect of current accounts. In respect of bills or promissory notes discounted and money advanced on security, the bank has found itself compelled to follow the fluctuating movements of the market.

The following figures show what the rates of interest have been :—

On current account from 1st October 1895 to 30th September 1898,  $2\frac{1}{2}$  per cent. on balances and 3 per cent. on overdrafts; from 1st October 1898 forward, 3 per cent. on balances, and up to 31st March 1899, 4 per cent. on overdrafts. Thus on an average the figures stand severally at  $2\frac{3}{4}$  per cent. on credit and  $3\frac{1}{2}$  per cent. on debit balances. The fixed, unfluctuating rate has proved of immense benefit to customers, and really enabled them, whether they have been artisans, farmers, peasants, or whatever else, to produce at a lower cost than they could otherwise have done.

The interest charged on advances on securities stood in 1895, 1896, and up to 30th January 1897, at 3 per cent., just as on current account; since then, up to 30th September 1897, at  $\frac{1}{2}$  per cent. more; and after that, up to 31st March 1898, at Imperial Bank rate; therefore, say in 1897, as a mean figure at 4.28 per cent. Since 1st April 1898 the corresponding Imperial Bank rate has been changed. It was on an average 5.57 per cent. in 1898, 6.24 per cent. in 1899, 6.10 per cent. in 1900, 4.73 per cent. in 1901, 4.42 per cent. in 1902, and 4.91 per cent. in 1903.

Discounts on bills and promissory notes were charged at Imperial Bank rate in 1896 and up to 1898 severally for each year at 3.79, 3.74, and 4.57 per cent. as a mean. The same rate was charged in 1899, figuring then at 5.18 per cent. From 31st December 1899 to 11th January 1900, however, only 6 per cent. was charged, at any rate to such central co-operative banks as dealt exclusively with the Prussian Central State Bank. During the succeeding years the rate stood at 4.85 per cent. in 1900, 3.59 per cent. in 1901, 3.33 per cent. in 1902, and 3.7 in 1903. Accordingly whenever the Imperial Bank discount rate stood at  $3\frac{1}{2}$  per cent., the Central State Bank rate was the same, but otherwise as a rule  $\frac{1}{4}$  per cent. less. In respect of discount secured otherwise than by the liability of members of societies, the Central State Bank has charged Imperial Bank rate throughout, but never less than 3 per cent.

In its capacity of a large banking institution the Prussian Central State Bank is compelled, in its monetary transactions, to go outside its business with co-operative societies only so far as the law which has created it permits. The following table shows what has been its business (with the exception of one item) specifically with co-operative organisations :—

|  | 1898.              | 1900.              | 1902.              | 1908.              |
|--|--------------------|--------------------|--------------------|--------------------|
| 1. Total Business (co-operative and otherwise) . . . . .                                     | 2,971,555,000      | 4,010,245,000      | 8,180,310,000      | 8,674,868,000      |
| 2. Central Banks of co-operative societies in relation with the Prussian Central State Bank— |                    |                    |                    |                    |
| Number of Central Banks . . . . .  | 50                 | 51                 | 52                 | 52                 |
| Urban . . . . .  | 19                 | 18                 | 19                 | 19                 |
| Societies . . . . .  | 302                | 350*               | 397                | 405                |
| Members . . . . .  | 82,799             | 97,312*            | 79,325             | 80,563             |
| Rural . . . . .  | 31                 | 33                 | 33                 | 33                 |
| Societies . . . . .  | 6,923              | 7,689              | 8,756              | 8,940              |
| Members . . . . .  | 617,133            | 665,688            | 776,534            | 807,101            |
| Other Institutions . . . . .   | 301                | 533                | 753                | 812                |
| 3. Credit Business with Central Banks—   |                    |                    |                    |                    |
| Outgoings on Current Accounts . . . . .  | 127,511,000        | 188,398,000        | 273,496,000        | 238,055,000        |
| Payments do. do. . . . .   | 123,771,000        | 189,132,000        | 275,697,000        | 236,882,000        |
| Bills and Promissory Notes discounted . . . . .  | 48,634,000         | 78,237,000         | 93,216,000         | 79,133,000         |
| Advances on security . . . . .   | 10,762,000         | 3,230,000          | 529,000            | 7,003,000          |
| Repayments on the same account . . . . .   | 10,791,000         | 3,086,000          | 497,000            | 6,965,000          |
|  | <u>321,469,000</u> | <u>462,086,000</u> | <u>643,325,000</u> | <u>668,038,000</u> |

\* A decrease as compared with 1900, since our Central Bank with 32 Societies and 26,574 members resigned, and another with only 7 Societies and 108 members joined the Central Bank.

|   | 1898.        | 1900.      | 1902.      | 1903.      |
|---|--------------|------------|------------|------------|
| 4. Preferential Rates allowed and charged to Central Banks on current accounts— |              |            |            |            |
| On Balances, per cent. . . . .  | 2.75         | 3          | 3          | 3          |
| On Overdrafts, per cent. . . . .  | 3.5          | 3.5        | 3.5        | 3.5        |
| Rates charged to Central Banks for discounts, per cent. . . . .                 | 4.57         | 4.85       | 3.33       | 3.7        |
| Rates charged to Central Banks for advances on security, per cent. . . . .      | 5.57         | 6.10       | 4.42       | 4.91       |
| Comparing with the Rates charged by the Imperial Bank, as follows:—             |              |            |            |            |
| Discounts, per cent. . . . .  | 4.57         | 5.10       | 3.42       | 3.91       |
| Advances on security, per cent. . . . .   | 5.57         | 6.10       | 4.42       | 4.91       |
| Private Discount Rates at Berlin, per cent. . . . .                             | 3.88         | 4.15       | 2.27       | 3.17       |
| 5. Total of Business done—  |              |            |            |            |
| Share Capital* . . . . .  | { 20,000,000 | 50,000,000 | 50,000,000 | 50,000,000 |
| Gross Profits . . . . .   | { 40,000,000 | 2,316,977  | 2,287,156  | 2,606,318  |
| Representing per cent. on Share Capital . . . . .                               | 1,510,202    | 4.83       | 4.53       | 5.21       |
| Management Expenses . . . . .   | 4.06         | 223,688    | 326,986    | 400,329    |
| Representing per cent. on Share Capital . . . . .                               | 204,132      | 0.45       | 0.65       | 0.80       |
| Representing per cent. on Business Net Profits . . . . .                        | 0.55         | 0.006      | 0.004      | 0.0046     |
| Earning to Share Capital per cent. Dividend . . . . .                           | 0.007        | 2,083,289  | 1,940,170  | 2,205,989  |
|   | 1,306,070    | 4.18       | 3.88       | 4.41       |
|   | 3.51         |            |            |            |

\* Increased to 40,000,000 M. from 20th May 1898, and to 50,000,000 M. from 1st April 1899.

The following table shows to what extent the Prussian Central State Bank has favoured its customers in comparison with other institutions :—

*Rates of Interest Compared.*

| Year. | Discount Rate of the Imperial Bank. | Average Rate of Interest of the Imperial Bank on Advances on Security. | Bankers' Discount Rate at the Berlin Exchange. | Rates of Interest of the Prussian Central State Bank. |                                 |   |                           |
|-------|-------------------------------------|--|--|---|---------------------------------|---|---------------------------|
|       |                                     |  |  | In Current Account.                                   | For Bills and Promissory Notes. | Average Rate of Interest on Advances on Security. | Average Rate of Interest. |
| 1895  | 3·51                                | 4·25   | 2·67   | 3   | ...                             | 3   | 3                         |
| 1896  | 3·79                                | 4·54   | 3·15   | 3   | 3·79                            | 3   | 3·01                      |
| 1897  | 3·74                                | 4·68   | 3·06   | 3   | 3·74                            | 4·28  | 3·05                      |
| 1898  | 4·57                                | 5·57   | 3·88   | 3·5   | 4·57                            | 5·57  | 3·68                      |
| 1899  | 5·24                                | 6·24   | 4·57   | 3·5   | 5·18                            | 6·24  | 4·04                      |
| 1900  | 5·10                                | 6·10   | 4·15   | 3·5   | 4·85                            | 6·10  | 4·07                      |
| 1901  | 3·73                                | 4·73   | 2·66   | 3·5   | 3·59                            | 4·73  | 3·55                      |
| 1902  | 3·42                                | 4·42   | 2·27   | 3·5   | 3·33                            | 4·42  | 3·41                      |
| 1903  | 3·91                                | 4·91   | 3·17   | 3·5   | 3·70                            | 4·91  | 3·60                      |

(In truth the rates of the Prussian Central State Bank are said to have been lower still, since little use was made of its credit whenever the rates of interest were temporarily high.)

Thanks to the policy pursued as just explained, the Prussian Central State Bank has managed even in the most critical times of tight money to keep co-operative societies supplied with cash on reasonable terms. It has not only succeeded in accomplishing the task, growing more and more difficult as business increased in volume, of regulating the price of money for considerable periods in advance, but it has also supplied co-operative societies permanently with cheap money, even in times of severe stringency.

The peculiar position which the Prussian Central State Bank occupies has enabled it, in addition to its proper banking work, to render a further most valuable service. With the consent of the various parties interested, it maintains a statistical department which collects the statistical data relating to co-operation in nearly the whole of Germany, and publishes them in an annual return which is found most useful. The expense of preparing the return is charged *pro rata* to every State concerned, in proportion to the number of co-operative societies which it contains.

The Statistical Department of the Prussian Central State Bank also in the present year issues for the first time, at its own sole expense, a comprehensive "Co-operative Directory" of the Empire.

## II. THE GERMAN CO-OPERATIVE SOCIETIES' BANK.

*(The facts here presented are taken from a very full Report prepared for the Congress by Herr F. THORWART, for many years a Director of the Deutsche Genossenschaftsbank (Frankfort Office), and now a Member of the Board of the Dresdner Bank, after its amalgamation with the Genossenschaftsbank.)*

THE question of the creation of a Central Bank, to serve as a general banker, an equaliser of local excess and want of cash, and an intermediary for the obtainment of credit from outside sources, was raised among credit societies of the Schulze-Delitzsch type at a very early period of their existence. The avowed object of such societies from the outset was, by continued instalments, to raise up a fairly considerable capital of their own, and in addition to attract what deposit money they could in their several localities. However, only very few years of their existence had run before they discovered that if they were to do justice to their opportunities further facilities must be obtained. Their wants as a rule exceeded their supply. By 1854, that is, only about five years after the inception of the movement, when co-operative credit was still quite in its infancy, the number of Schulze-Delitzsch credit societies stood at 25. Among them they had 652,269 M. outstanding in advances, to only 171,282 M. paid-up share capital, wherewith to meet such demand. The rather non-descript legal status of co-operative credit societies placed an obstacle in the way of their obtaining credit from bankers. The difficulty was here and there got over by leading members of such societies pledging their personal security with banks on behalf of their societies. However, that was really a good deal to ask of them, seeing that in those days limited liability was unknown, and all liability was unlimited. The Central Committee would occasionally manage to act as an equaliser between overfilled and impecunious banks by means of advances negotiated. In truth, all that was possible in this way was done. But it did not amount to very much. And, all things considered, it cannot occasion surprise that at the very first congress held by the newly constituted union of societies—in 1859—the question of the formation of a Central Bank was brought forward and actively discussed. From the outset, opinion showed itself much divided on the subject. Schulze-Delitzsch himself held that the creation of a Central Bank, to be formed by the local credit societies clubbing together, each one contributing its share of capital and taking a share of the liability, must be fraught with

danger such as every prudent credit society would do well to avoid incurring. For practically every society joining would by that very act make itself liable, not for its own actions only but also for those of all the other societies. So strongly did Schulze-Delitzsch feel on this point that subsequently, in 1873, he in Parliament insisted upon and obtained the inclusion of a new clause in the Co-operative Societies' Law of that year, forbidding co-operative societies to become members of other co-operative organisations.

Schulze from the outset took up the position that a bank to serve co-operative credit societies as a central institution must be a strong, *independent* bank, standing outside their circle. It was easy enough to talk of "equalising" business by balancing the excess funds of one set of societies against the wants of another. But for how long could societies on either side be sure that their excess, or else their want, would continue? And were they to lend or to borrow for indefinite terms, subject to the other societies' notice? An outside bank, if strong in capital and in business relations, might indeed "equalise" excess and want by bringing both into contact with want and excess in a wider sphere where units would be more numerous and conditions more varied. The experience of the *Deutsche Genossenschaftsbank* subsequently formed has fully confirmed his judgment in this respect. The *Genossenschaftsbank*, acting as Central Bank, has had to find very much more money than was ever brought to it by societies overstocked with cash. During the period from 1891 to 1894 the Frankfort Branch of the *Genossenschaftsbank* held societies' money on an average to the amount of 1,661,000 M., whereas it had money outstanding with them to the amount of 6,107,900 M. Accordingly it was called upon to provide four marks for every one mark received. That is by no means an exceptional proportion. At some times the proportion has stood at 5, 6, and even 9 to 1. The rate of interest, so it is shown, has nothing to do with the matter. In 1893 the bank had 6,434,700 M. outstanding, at a time when the discount rate of the Imperial Bank of Germany was 5 per cent., when it held only 1,236,500 M. of societies' money in return; whereas in 1894 it had only 5,319,900 M. outstanding, when the Imperial Bank rate was only 3 per cent., to 1,979,600 M. deposits held by it. It is simply a question of business need. The bank's accounts show that, generally speaking, every year, as the year closes, credit balances held with it dwindle, and debit balances grow. Manifestly in an active credit business societies' deposits are not sufficient to balance demand.



There were other reasons in 1859 to delay a decision. What with wars and rumours of wars, the political outlook was forbidding. However, some stopgap expedients were tried experimentally. Schulze-Delitzsch concluded an arrangement with the *Allgemeine Deutsche Creditanstalt* of Leipzig, under which that institution bound itself to take surplus money at from  $3\frac{1}{2}$  to 4 per cent. interest, and to re-discount societies' bills and promissory notes at a higher rate, namely, 5 per cent. plus  $\frac{1}{2}$  per cent. half-yearly commission. It was one of the distinctive merits of Alwin Sörgel, a life-long friend of Schulze-Delitzsch, a highly able banker and subsequently one of the founders of the "German Co-operative Societies' Bank," that he secured among German credit societies the adoption of the practice of substituting bills of exchange or promissory notes, which are transferable and may be converted into new money, for the ordinary, non-negotiable bond or note of hand; and, furthermore, that he introduced current accounts, which have since become the favourite method of doing business in that quarter. The arrangement with the *Allgemeine Deutsche Creditanstalt* proved a considerable convenience. By the end of 1860 no less than 2,250,000 M. had been raised at its counters by rediscounts on behalf of credit societies. However, the price paid seemed heavy, and there was no guarantee whatever of the arrangement continuing. As a matter of fact it came to a close after some years by the *Creditanstalt* withdrawing from it, and although new sources were tapped by similar arrangements come to with banks at Frankfort-on-Main and at Elbing, there was undoubtedly an air of instability about the business, which was little reassuring. Besides, some of these banks insisted upon high rates. The one at Elbing charged 6 per cent. with a commission in addition on discounts.

A rather important step was taken when Schulze-Delitzsch called into being a co-operative bail-going union of credit societies, the object of which was to obtain easier credit by means of collective guarantee, which a bank at Berlin, Messrs Delbrück Leo & Co., agreed to accept, if coupled with other safeguards, such as the president's approval of each transaction. All this still seemed provisional only and insecure. A bank of their own, so it was felt, would serve the societies better. It so happened that at that time also the want of a bill-discounting bank for small trade, whether co-operative or otherwise, was much felt at Berlin. The *Discontogesellschaft* had been formed to supply such want. But it had been carried away by its spirit of enterprise and its able management into higher and

more remunerative spheres of business. Schulze-Delitzsch's objections to a central bank in the ordinary sense of the word remained undiminished, and they were shared by the best recognised leaders of the movement, among others by so great a banking authority as Sörgel. However, such objections could clearly be met by the societies forming a bank on the lines already indicated by Schulze-Delitzsch, finding the money and the custom, but keeping the liability in each case entirely distinct. Only, in answer to such a suggestion the further question arose: What money would societies who clamoured for a bank as themselves wanting funds, be able to spare for the endowment of a central bank? The founders of the new bank, it was clear, must not in respect of endowment aim very high. But in any case they must look for their capital beyond the narrow world of credit societies and seek to obtain shareholders elsewhere. Schulze-Delitzsch did his best in this direction, canvassing friends and well-wishers to the movement, and also placing a fund recently subscribed as a testimonial to himself—which he incorporated in a trust for the benefit of the movement—temporarily at the new bank's disposal, the shares to be gradually transferred. In this way, by 10th December 1864, the requisite minimum sum of about £40,000 had been subscribed, and soon after the German Co-operative Societies' Bank, otherwise Messrs Sörgel, Parrisius, & Co., opened its doors, organised as a society *en commandite*, enjoying little prestige in the business world, but having a very strong and competent business board at its head.

The newly created bank, it will be seen, was not from the very outset, and in truth it never has become, a central bank in the ordinary sense of the word. It was a co-operative societies' bank only in so far as it made it its object to supply the wants of co-operative societies, and as the number of its shareholders included an indeterminate number of co-operative societies, just as many as chose to take shares. It never was, or intended to be, dependent upon any one but itself, but from the outset stood entirely on its own bottom.

However, undoubtedly the bank was designed for the credit societies' benefit, and to such in reason it must be made to minister to the best of its ability. Its founders' ideas, as explained by Sörgel himself, were rather liberal and advanced for Germany and for the particular period. The bank was to open credits to credit societies on the Scotch "cash credit" lines on such scale as it might consider justified by the facts of the case, subject of course to notice at any time. The credit account conceded must be an active account, held for

business purposes, not merely a "dead" advance. Were larger sums to be required than the bank was willing to advance in such way, the societies requiring it might bring their bills of exchange to its counter to be discounted. The bank counted upon having the State Bank of Prussia to fall back upon for rediscounts, so as to have, in Sörgel's words, an "inexhaustible reserve" at its back. Of course, societies having an overplus of cash were expected to carry that to the bank as well, to be there paid for at a rate of interest slightly inferior to that which it charged for discounts.

Unquestionably this method of doing business with credit societies has in the event shown itself fully adapted to the circumstances and has yielded admirable results, while giving the societies full satisfaction. However, at the outset it occasioned not a little heartburning. Credit societies who had had their credits withdrawn or reduced, and others who were used to the old-fashioned bond or note of hand, and were now asked to draw bills of exchange, which they eyed with alarm, considered themselves aggrieved, and there was some bitter complaining and angry discussion at the annual congresses. However, the complaints were well answered, and the answers proved conclusive. More particularly did Schulze-Delitzsch take care to explain in apt and telling words, which deserve reading over afresh, the nature of their legitimate relations with the bank. They were not, so he never wearied of urging, to depend upon it for their working capital. That would not be a legitimate use, but a very dangerous abuse of credit, altogether contrary to their principles. Their business was, to make the best use of their opportunities in their own particular districts, so as to attract all the available money in them, in order to be able for ordinary purposes to stand on their own legs. The bank was no doubt there for them to draw upon, but only in exceptional cases. Sörgel likewise explained that, under all circumstances, in co-operation as elsewhere, business must be business, and that credit must at all times be dependent upon security. The question soon dropped from the Congress agenda. Everybody came to feel that Schulze and Sörgel were right, and it was remarked that the societies complaining were not the most active, but backward societies, which required education in order to adapt themselves, like the others, to business ways. Such as could do that found the bank decidedly useful. In course of time such practice became the rule.

However, credit societies' business alone, so the founders of the bank clearly discerned from the outset, could not

suffice to keep the bank prosperous or even equal to the fulfilment of the engagements which it had undertaken towards societies, one of which was, never to fail them in respect of legitimate claims for credit, never to want the means of serving them and serving them cheaply. Societies' business must of course be done at a low rate of commission, if it was to be a help. Accordingly much profit could not be looked for from it. Therefore, to be able to pay its way, the bank must lay itself out for other business, such as all banks transact. And this it has done well and with excellent results, however, not without being made to learn incidentally some rather painful lessons. One of Sörgel's pet schemes was to cultivate local credit requirements and make his bank a general local credit bank specifically for trade purposes. Putting the idea into a distinctive shape, he prevailed upon his colleagues to form, in 1872, as an independent institution, but financed with their bank's capital, the "Stadtbank" (town bank) of Berlin, to act distinctively as a local bank. The Vienna crash of 1873 and its after-consequences involved the newly-created institution in severe loss, which soon compelled it to close its doors. Some further serious losses were incurred by investments in industrial concerns which, though undoubtedly prosperous at the time, were subsequently wrecked and brought into liquidation. Although the bank was strong enough to support the loss and go on developing powerfully, all the same, these untoward events have left their mark plainly upon its further management, and have also, unfortunately, weighed so heavily on the mind of its main founder, Sörgel, as probably to have hastened his death. However, change of method in this respect could not, of course, mean the abandonment of extra-co-operative business, which was a necessity, and which, being well managed, has gained the German Co-operative Societies' Bank in the end much prestige and a recognised place among leading banking institutions of its country. Thus, in 1887, the Bank joined what has been called the "Preussen Consortium," that is, the syndicate of banks which brought out the various loans on behalf of the German Empire and the Kingdom of Prussia.

With business growing, of course the bank had to think of increasing its capital. With such business on hand, £40,000 would not go a long way. The Austro-Prussian war delayed action. However, in 1868, the capital was raised to about £75,000. And shortly after it was decided to form a branch establishment at Frankfort-on-the-Main. Credit societies in various parts of Germany had clamoured for branch banks, more particularly those in the Kingdom of

Saxony, who wanted one at Leipzig. Sörgel, who all along insisted upon independent effort as the sole possible foundation of successful self-help, would not hear of this, unless the Saxon credit societies would undertake themselves to raise a substantial sum towards the capital wanted, say £15,000, that is, enough to ensure that, having a stake in the concern, they would bring their business to it. This condition could not be complied with, and accordingly there was no branch at Leipzig, or indeed anywhere except at Frankfort, although the mother bank took legal power to form branch banks in any number of places. The claims of Frankfort to a branch bank could scarcely be disputed, once its district came forward to subscribe sufficient capital. It was most important that Southern Germany should have a branch bank. In the first place there was another standard of money ruling there than in the north, that of the Rhenish florin in the place of the Prussian thaler, and that really necessitated the keeping of separate accounts. In the second place, business habits and usages differ materially as between the north and the south, and as justice must be done to both, each section must have its own independent centre. In the summer of 1871 a branch bank was actually opened at Frankfort, forming part of the old bank, but having a board of its own and its own reserve fund. It has become a distinct source of strength to the common concern, and proved a boon to co-operative banking in Germany.

The German Co-operative Societies' Bank, having now two legs to stand on, rapidly extended its business and grew in strength. As a consequence it found itself called upon again and again to add to its share capital, till that capital amounted, in 1899, to 36,000,000 M. (£1,800,000), which, being thought a little too large a sum (when one particular class of business was advisedly abandoned), was subsequently reduced to 30,000,000 M. (£1,500,000), at which it stood at the date of the amalgamation of this bank with another of which it now forms part.

The following figures tell how consecutively with such increasing capital the business of the bank has steadily and very satisfactorily grown. The two tables give the results for each establishment severally.

# BERLIN.

| Year. | Share Capital in Marks. | BUSINESS.      |             |   |              | BALANCES AT CLOSE OF YEAR.  |                            |   |   |
|-------|-------------------------|----------------|-------------|---|--------------|-----------------------------|----------------------------|---|---|
|       |                         | Business Done. |             | Business specifically with Co-operative Credit Societies. |              | Credit of Credit Societies. | Debit of Credit Societies. | Bills of Exchange held for Co-operative Credit Societies. | Debit of Co-operative Credit Societies in Current Account and in Discounts. |
|       |                         | Marks.         | Marks.      | Current Accounts.   | Giroverband. | Total.                      | Marks.                     | Marks.  | Marks.  |
| 1865  | 810,000                 | 30,733,710     | 3,055,140   | 11,467,119  | 1,446,765    | 3,055,140                   | 131,745                    | 96,456  | 347,938   |
| 1866  | 1,453,200               | 72,198,768     | 11,467,119  | 70,979,202  | 13,016,595   | 12,913,884                  | 373,491                    | 239,640   | 916,476   |
| 1873  | 5,500,000               | 620,564,166    | 38,422,253  | 188,298,102   | 22,935,512   | 83,995,797                  | 1,052,802                  | 965,025   | 3,506,211   |
| 1878  | 5,500,000               | 464,748,444    | 142,095,193 | 36,176,634  | 35,757,766   | 61,357,766                  | 590,876                    | 678,810   | 3,257,087   |
| 1883  | 6,250,000               | 978,030,146    | 188,298,102 | 60,392,436  | 248,690,538  | 177,271,827                 | 4,163,012                  | 2,073,520   | 5,152,236   |
| 1888  | 10,500,000              | 1,446,287,787  | 198,618,265 | 66,222,915  | 284,841,180  | 205,737,345                 | 4,754,416                  | 1,519,535   | 5,793,668   |
| 1893  | 15,000,000              | 1,495,600,734  | 244,774,549 | 100,541,542   | 345,316,091  | 281,601,582                 | 3,260,690                  | 5,345,399   | 10,087,184  |
| 1898  | 19,000,000              | 1,864,959,791  | 202,450,000 | 136,881,000   | 339,331,000  | 222,876,000                 | 5,463,047                  | 8,296,573   | 14,154,241  |
| 1903  | 20,000,000              | 1,822,746,000  |             |   |              |                             | 7,344,614                  | 6,109,304   | 12,323,750  |

# FRANKFORT.

|      |            |               |            |             |             |             |           |           |           |           |
|------|------------|---------------|------------|-------------|-------------|-------------|-----------|-----------|-----------|-----------|
| 1871 | 1,425,000  | 81,914,480    | 10,292,489 | 838,350     | 11,130,839  | 11,602,950  | 272,230   | 1,042,989 | 241,542   | 1,284,531 |
| 1873 | 2,000,000  | 280,377,217   | 34,552,636 | 11,775,426  | 46,328,062  | 38,285,142  | 421,739   | 2,189,599 | 365,528   | 2,255,097 |
| 1878 | 2,000,000  | 276,360,624   | 30,618,349 | 17,311,005  | 47,929,354  | 34,626,099  | 325,729   | 2,873,855 | 521,721   | 3,395,576 |
| 1883 | 2,750,000  | 590,680,137   | 63,644,379 | 33,774,743  | 95,107,622  | 91,622,868  | 2,580,698 | 3,132,090 | 973,889   | 4,105,979 |
| 1888 | 4,500,000  | 883,868,792   | 72,941,281 | 53,774,743  | 126,716,024 | 118,752,615 | 1,458,540 | 5,026,465 | 849,060   | 5,875,525 |
| 1893 | 6,000,000  | 875,670,389   | 89,308,214 | 61,235,263  | 150,543,477 | 137,267,080 | 1,236,477 | 5,541,732 | 1,027,133 | 6,568,865 |
| 1898 | 8,000,000  | 1,148,121,645 | 94,229,147 | 93,107,065  | 187,336,212 | 174,237,817 | 1,317,028 | 6,166,624 | 1,207,571 | 7,374,195 |
| 1903 | 10,000,000 | 1,271,488,477 | 91,905,770 | 128,049,643 | 219,955,413 | 154,080,374 | 1,635,620 | 4,426,984 | 1,423,903 | 5,850,887 |

This, surely, is a satisfactory record, justifying the methods which the German Co-operative Societies' Bank has made its own. It may be well to show how they have been applied.

The essence of the bank's principle and the secret of its success appear to be well conveyed by the word "business." The bank regarded itself as a *business* establishment, and insisted upon doing business in a *business-like* way. It was there to benefit credit societies, but only on business-like lines. It would not, on the one hand, involve them in liability for itself, nor yet on the other would it make itself liable for them, or provide them with that working capital which they must clearly provide for themselves, if they had any business to exist. It never professed to be more than what Schulze-Delitzsch had clearly laid down, that it, or any legitimate or useful central credit institution should be, namely a strong business establishment, so to speak, outside the circle of co-operative credit societies, dealing out credit in return for security. In great exceptional emergencies it would, when the circumstances appeared to justify such course, freely come to the rescue of imperilled societies. It did so in the case of the Weimar Credit Society, which was brought near bankruptcy by improper management, when it readily advanced the substantial sum of £42,500, which no other bank in Germany, however strong in capital, would at that time have done. But it would not spoon-feed societies or coddle them up into strength. No new society had its claim of youth and of hope of success allowed as a qualification for credit. The society which would borrow must show that it was deserving of credit.

A time came when different principles obtained ascendancy in Germany; and then its directors' declaration that it could do no more for any society than any other large capitalist bank could do—if it were to lay itself out for that particular kind of business—was roughly challenged as indicating a relinquishment of its original co-operative object. However, the overwhelming majority of its client societies and of co-operative societies generally declared that it had done wisely, and distinctly approved its conduct.

The time spoken of was when co-operation was no longer universally judged by the old rule. It had been shown how much it could do for agriculture, and accordingly agriculture made its success a pretext for claiming State help for itself. Under such treatment co-operation became blended with agrarianism, and was in truth made the tool of class interests. And then the demand was strongly put forward on nearly

all sides, that since co-operation is a good thing for agriculture, the community must be made to provide means for carrying out its methods (nothing was said about its spirit), and as such means must be dealt out somehow by a suitable body, a cry was set up for State-endowed central banks. Infant societies, so it was pleaded, could not be expected to stand alone. They must almost necessarily need support, as the chick does that provided by nature's forethought within its eggshell, and the example which nature had set should be followed. A nursing institution must be set up to train up the new society until it acquired sufficient strength to stand by itself. The movement culminated in the popular demand, vigorously supported by the agricultural interest, that a Central State Bank should be created, endowed with much public money. The clamour grew so strong that the Minister of Finance felt called upon to summon a conference to Berlin to discuss the subject. The Schulze-Delitzsch Union was the only one to dispute the want of a State-endowed Central Bank. Accordingly the *Zentralgenossenschaftskasse* was created and endowed with 5,000,000 M., which rapidly grew to 50,000,000 M. No doubt this has given a stimulus to the formation of "co-operative" societies. However, the Schulze-Delitzsch Union denies that that is a healthy propagation, and it has firmly adhered to its old principle.

According to the very nature of the two distinct cases to be dealt with, which have been already referred to, the German Co-operative Societies' Bank had to apply different methods to its transactions with its two distinct sets of clients, credit societies respectively in the north and in the south of Germany. In Northern Germany the accepted practice among local credit societies is, when money is wanted, either to pass on the bills which they hold from their own members for rediscount, or else to give their own bill as security. That is a very convenient method, and simple to boot. The Co-operative Societies' Bank, having satisfied itself that the signatures are good in reference to the sum, has been enabled to advance considerable amounts of money in this way, up to the total amount of societies' paid-up capital. In Southern Germany bills of exchange are little used for money-raising purposes. The instrument generally employed is the bond. The Frankfort Bank accordingly found itself compelled, if it would do business, to conform to such custom, and either to advance money in cash in return for a bond, or else to accept bills drawn upon it in consideration of a small commission. The latter is in Southern Germany an accepted form of credit, which of course involves



certain risks, and the adoption of which has accordingly provoked repeated remonstrances at Berlin. However, it has enabled the Frankfort branch to render most substantial services to credit societies in South Germany, more especially in times of crises, such as the great drought of 1893, and also when demands for money connected with certain seasons became urgent. The representative of the Frankfort Bank some years ago at an annual congress boldly challenged delegates of credit societies to say if his bank had not at all times satisfied legitimate requirements, and there was no one to take up the challenge. To effect this the Frankfort Bank from the outset set apart half its share capital to be employed in the business of acceptances. In ordinary times that proved sufficient. But in the time of crises of course it had to be not inconsiderably exceeded. The practice has been rendered easier by the decision adopted by the Imperial Bank of Germany not to treat bills drawn by a credit society and accepted by the Frankfort Bank as "banker's" bills in the accepted sense, which it declines to discount, but as ordinary business bills.

Otherwise the Frankfort Bank had no reason whatever to give the preference over cash business to acceptance business. For since it charged only a very moderate commission, and had in prudence to keep gilt-edged bills as a reserve for realisation, as a security for such business, the profits accruing to it upon it were not large. That was the very consideration which brought credit societies to its counter. Bills accepted by the Frankfort Bank were negotiated at private bankers' rate of discount, whereas money business was charged at Imperial Bank rate figures. Now, private bankers' rate is appreciably lower than bank rate, as the following table setting forth the amount of business done in acceptances by the Frankfort Bank and the two different rates of discount charged will show.

|  |   |   |      | Mean Discount Rate                         |  |
|--|---|---|------|--|--|
|  |   |   |      | Of the Imperial Bank to be paid for Money. | Of Private Banks charged for such Acceptances. |
| Proportion of the Frankfort Bank's Business done in Acceptances. |   |   |      | Per cent.                                  | Per cent.                                      |
| 1891   | - | - | 67.5 | 3.77                                       | 3.13   |
| 1892   | - | - | 63.9 | 3.21                                       | 1.89   |
| 1893   | - | - | 59.8 | 4.06                                       | 3.18   |
| 1894   | - | - | 61.0 | 3.12                                       | 1.79   |
| 1895   | - | - | 58.6 | 3.14                                       | 2.02   |
| 1896   | - | - | 60.2 | 3.66                                       | 3.06   |

|            | Proportion of<br>the Frankfort<br>Bank's Business<br>done in<br>Acceptances. | Mean Discount Rate                                    |   |
|------------|--|---|---|
|            |  | Of the Im-<br>perial Bank to<br>be paid for<br>Money. | Of Private<br>Banks charged<br>for such<br>Acceptances. |
|            | Per cent.  | Per cent.   | Per cent.   |
| 1897 - - - | 62·8   | 3·82  | 3·18  |
| 1898 - - - | 63·9   | 4·28  | 3·62  |
| 1899 - - - | 61·5   | 5·02  | 4·47  |
| 1900 - - - | 64·6   | 5·33  | 4·45  |
| 1901 - - - | 61·7   | 4·10  | 3·18  |
| 1902 - - - | 66·0   | 3·32  | 2·31  |
| 1903 - - - | 65·7   | 3·84  | 3·10  |

The difference is rather striking. However, to decline doing such business when custom had made it general would have been to forego business in favour of competitors.

What has been said will give a very fair idea of what may be called the credit business of the Co-operative Societies' Bank, that is, its credit transactions with its client banks. However, it found that it had other opportunities open to it for serving them.

One of the most valuable services that the German Co-operative Societies' Bank has rendered to co-operative banking, and indeed to banking generally in Germany, is the formation of the "Giroverband," that is, so to call it, a clearing-house union, not for cheques only—that was only a secondary development—but mainly for bills of exchange. On the face of it, seeing that the credit societies' main business was for a long time in bills of exchange, a union of this sort, which places ever so many inquiry and collecting offices at the disposal of every society, free of charge, must present itself in the light of a great boon to every one of them. They took business acceptances due in every part of the empire, for the most part in places in which collection was difficult. And here were facilities to be placed at their service which would at one stroke get rid of all difficulties. One can hardly be surprised that in the very first year of the existence of the Co-operative Societies' Bank its directors should have suggested such an undertaking. The wonder is that the societies appealed to failed at once to grasp the value and importance of the move suggested. Out of 450 societies addressed only forty took the trouble to answer at all, and not all of these expressed any willingness to join. However, reflection assisted by instructive events brought about another state of mind. The war of 1866 supplied an object lesson of the inconvenience of the general disruption and

want of unity prevailing in Germany. Among other things it taught Germans what a hazardous thing was that promiscuous issuing of paper money by all sorts of bodies, petty principalities, railway companies, and banks authorised to do so by petty Governments. None of these issues necessarily had currency in other States. Hence arose in the time of war a truly bewildering confusion. Since a clearing-house was suggested, it was thought that it might be made a clearing-house also for bank-notes, which was bound to save societies accepting such notes—as who could refuse to accept them?—a considerable amount of trouble and some loss. The idea proved incapable of execution, because, in the first place, it was plain that all the efforts of the issuing bodies—many of them “Sovereign” States—must be directed against carrying it through, since their direct interest was to keep the notes in circulation, away from the issuing places; and, in the second, because it was not reasonable to propose that any one would willingly take such notes through a clearing-house at par, when he could in point of fact purchase them in the market at 97 or 98. However, the proposition served its purpose in helping to ventilate the idea and get it discussed. A second appeal issued by the Co-operative Societies’ Bank in 1867 resulted in the “adhesion” of something under forty societies, which was in truth little enough. Nevertheless a beginning had to be made, and in view of the great importance of the matter it was thought wise not to postpone it any further. The Bank, in taking up the matter, had the hearty good wishes of Schulze-Delitzsch openly expressed. He, at any rate, never failed to see what a great boon the “Giroverband” must be to middle-class banking. By the time when the co-operative union’s annual meeting took place in 1868, the number of “adherents” had grown to about sixty. Schulze-Delitzsch at the meeting hailed the progress made with delight, and prophesied that by means of the “Giroverband” the German credit societies would prove a “great power in the money market.” By the close of the year ninety-three societies had joined, and the value of bills cleared in the twelvemonth amounted to about £48,000. By the close of the succeeding year it had gone up to over £100,000 and the opening of the Frankfort Branch as a clearing-house for bills issued in florins promised to add a new feature of most appreciable utility. In this way the “Giroverband” has gradually increased to its present strength, when its business amounts to something like £15,000,000. Schulze-Delitzsch missed no opportunity of pressing home its claims. In view of its large number of

potential collecting-places, so he argued, the *Verband* was in a position to render even more valuable services to banking, in this respect, than the Bank of Prussia, which had only its own branch offices, far fewer in number, to depend upon.

The main idea in the "Giroverband" is, that every bank should act as collecting agency, free of charge, for all the other banks, and that the business of all should centre in the Co-operative Societies' Bank, which would become the common bank for all, with an account for every one of them. Bills would be sent to it for cashing, and it would distribute them according to the locality, entering the respective debits and credits to every particular society. Against the obvious advantages to be secured by this arrangement it might be urged that there might be societies which had little collecting to give out, but much to take upon their own shoulders. But even these, so it was pointed out, would not be working for nothing. For their facilitating the issue of bills by their own locality would manifestly confer a great benefit upon it. The service was begun, as is always the case in such things, in a rather cumbrous and complicated form. However, in course of time it was greatly simplified. Instead of the twenty-four settling days in the year with which the "Giroverband" began, there are now fifty-two. All risk of carelessness, delay, expense, or trouble in getting bills cashed is avoided. And the necessary expenses of postage, &c., have been reduced to a minimum. At the outset every society joining was required to pay in a deposit of £15 to bear interest at the rate of 4 per cent. That has long been discontinued. Every body taking part in this service is now admittedly the better for it, which does not mean only that everybody saves trouble and expense; for the "Giroverband" has proved an effective means for securing further gain. Since all societies' bills came to its office it was soon able to trace and expose the drawers of bogus bills, mere accommodation paper, who without its supervision might have continued their dishonest trade with impunity.

The way in which the mere bill business of the "Giroverband," centring in the two establishments of the German Co-operative Societies' Bank, has grown, is shown in the following tables:—

| Year. | No. of Societies adhering to the "Giroverband." | Number and value in Marks of the Bills Cashed. |             | Average value of each Bill. | Total business of the "Giroverband." | How Balances were settled.    |                                       | Credit balances of the Societies with the "Giroverband." | Debit balances of the Societies with the "Giroverband." |
|-------|---|--|-------------|-----------------------------|--------------------------------------|-------------------------------|---------------------------------------|--|---|
|       |   |  |             |                             |                                      | By cash remittances per cent. | By balancing in the account per cent. |  |   |
|       |   | Number.  | Marks.      | Mks.                        | Marks.                               | per cent.                     | per cent.                             | Marks.   | Marks.  |
| 1868  | 93  | ?  | 961,728     | ?                           | 1,446,762                            | 38                            | 62                                    | 307,968  | 25,431  |
| 1869  | 130   | 8,436  | 2,123,142   | 252                         | 3,570,039                            | 37                            | 63                                    | 426,957  | 48,540  |
| 1874  | 270   | 67,256   | 22,372,238  | 333                         | 34,428,897                           | 25                            | 75                                    | 1,629,839  | 456,067   |
| 1879  | 554   | 134,923  | 31,358,007  | 232                         | 46,349,938                           | 24                            | 76                                    | 1,589,219  | 278,697   |
| 1884  | 629   | 210,266  | 53,389,228  | 254                         | 81,513,557                           | 21                            | 79                                    | 2,757,257  | 385,347   |
| 1889  | 839   | 312,647  | 82,836,589  | 265                         | 124,093,581                          | 22                            | 78                                    | 3,088,398  | 811,540   |
| 1894  | 814   | 362,553  | 90,337,227  | 249                         | 136,961,387                          | 32                            | 68                                    | 4,451,414  | 759,320   |
| 1899  | 1088  | 436,054  | 127,843,277 | 293                         | 225,177,655                          | 34                            | 66                                    | 5,172,098  | 1,595,955   |
| 1903  | 1222  | 516,434  | 156,632,512 | 303                         | 283,198,347                          | 43                            | 57                                    | 6,425,142  | 1,493,600   |

That shows how Schulze-Delitzsch's words have been verified and the "Giroverband" has really become a "great power" in the money market, and a most useful institution to co-operative and other trade. To such position it has grown up little by little. The "Giroverband" began in 1869 with only 130 collecting localities. At the present time their number stands at 1,222. And that is not all. For the Co-operative Societies' Bank has made arrangements with some other banks, at places where it was not previously represented, securing it the command of about 300 more places. That brings up the total number of collecting places to about 1,500, which obviously means a great deal of economy and convenience. The benefit is to be judged by the results. In 1869 only 8,436 bills passed through the hands of the "Giroverband," of the value of 3,570,039 M. Last year the number was 516,434, and the value 283,198,500 M.

The "Giroverband" became useful under a new aspect, though still in the same form, when, rather late in the day, German credit societies took to the use of cheques. For cheques of course a clearing-house is wanted. However, the convenience afforded by the Bank was carried beyond that.

Cheques are made payable at the Co-operative Societies Bank as an alternative address. The extent to which the "Giroverband" has been used as a clearing-house for credit societies' cheques is shown by the following figures:—

| Date. | BERLIN.          |            | FRANKFORT.       |           | TOTAL.           |            |
|-------|------------------|------------|------------------|-----------|------------------|------------|
|       | Cheques Cleared. | Value.     | Cheques Cleared. | Value.    | Cheques Cleared. | Value.     |
|       | Number.          | Marks.     | Number.          | Marks.    | Number.          | Marks.     |
| 1899  | 14,919           | 7,500,000  | 7,185            | 3,866,505 | 22,104           | 11,366,505 |
| 1900  | 21,122           | 10,130,611 | 10,016           | 5,105,242 | 31,138           | 15,235,853 |
| 1901  | 27,726           | 12,234,020 | 13,430           | 6,515,885 | 41,156           | 18,749,905 |
| 1902  | 32,978           | 15,443,522 | 15,537           | 7,405,924 | 48,515           | 22,849,446 |
| 1903  | 38,591           | 18,121,199 | 17,822           | 7,871,738 | 56,413           | 25,992,937 |

Union of business, concentration, without any entangling of liabilities, is thus shown to have answered brilliantly.

So far all was success, and Schulze's successors might well claim that he had spoken true when at the beginning of the movement he proclaimed that his union had never taken anything in hand in which it had not succeeded. However, as time went on something more was shown to be needed. Banking in Germany, as elsewhere, rapidly changed its character. Business was growing up everywhere, industrial enterprise was brisk, at the same time in the banking world competition was keen, there was "cutting" and underbidding, and with commissions reduced to paltry figures the old hum-drum steady commission banking work became insufficiently remunerative to make a bank's living. The time had arrived of powerful banks, working with greatly increased capitals, and seeking a profit mainly in "finance" business, the financing of industrial concerns, the issue of loans, the launching of companies. The Co-operative Societies' Bank had tried its hand tentatively at this work, and had not met with unqualified success. Indeed, in the year succeeding the last great crisis, 1902, it had to write down no less than 3,270,000 M. (about £163,500) in addition to 200,000 M. of other losses. The want of success appeared to be attributable to two causes. In the first place, the Bank's legal status of society *en commandite* evidently placed it at a disadvantage

for such business. The Board had too little power; it was difficult to admit new directors to the management. That matter was easily rectified by registering as an ordinary joint-stock company, which was done. But in the second place, there could be little doubt that the Bank as organised, though admirably suited for the other class of business, was not over well adapted to this particular work. Accordingly it was considered prudent to discontinue "finance" and confine business only to business of the old sort. This rendered the reduction of the Bank's share capital already alluded to from 36,000,000 M. to 30,000,000 M. desirable.

However, the abandonment of "finance" business was found to impair at the same time the remunerativeness and also the prestige of the Bank. An opportunity offered for its amalgamating with one of the most powerful, financially best endowed, and also most successful banking concerns of the German Empire, the "Dresdner Bank," on acceptable terms. There was scarcely any difference of opinion as to the expediency of the move. It opened to the Bank prospects not only of greater gain, but also of greater utility—greater utility specifically to its co-operative connection. For the "Dresdner Bank" was perfectly willing to take over the co-operative business and to carry it on with vigour. Its large share capital, its high standing in the banking world, its command of the market by means of powerful relations and branches established in all the principal business centres, places it in a position to do so with even greater effect than could the Societies' Bank with its 30,000,000 marks of share capital. In very truth this amalgamation seemed to carry Schulze's great ideal of a *strong* bank, thoroughly *independent*, to serve as a centre and support for credit societies' business, to a climax. Accordingly the bargain was struck, and to make quite sure that the voice of co-operation should always be heard in the councils of the enlarged "Dresdner Bank" two of the most able directors of the *Genossenschaftsbank* became directors of the amalgamated bank.

Whatever that Bank may be destined to accomplish for co-operation in the future, merged in the larger concern, there can be no question whatever that in the past, from the very beginning, it has fully realised the engagements into which it entered with the co-operative credit societies. It has served them, and served them well, transacting their business for them cheaply and efficiently, and giving them all the advantages of its work. It has not studied high dividend. Its dividend on an average of forty years has amounted in the mean to 6·17 per cent. It has, in a co-

operative spirit, given a return to business, virtually sharing profits with its clients. It need not dread comparison with any other bank placed in a more or less analogous position. And by the creation of the "Giroverband" it has provided for German credit societies a most useful institution, such as no co-operative credit societies in any other part of the world possess. Whatever utility there may be in central banks proper, formed by societies combining with collective liability, or in central banks of the form now popular, endowed with millions of the general taxpayers' money, and administered by the State, the *Deutsche Genossenschaftsbank* has proved that Schulze-Delitzsch's idea was a good one, and that a bank constituted as he proposed that it should be, may be of the greatest value to co-operative banking, and through co-operative banking to every form of co-operation.

### III. THE CENTRAL BANKS OF THE DARMSTADT UNION.\*

By CARL HEUZEROTH, *Comptroller of the Bank of Jena.*

My paper will have to deal in the main with the Central Banks of the "Imperial Union of German Agricultural Co-operative Societies," presided over by Dr Haas, formerly of Offenbach, now of Darmstadt, though in the course of my remarks it will be necessary for me to quote some figures relating to other Central Banks.

Up to the passing of the law of 1889 Central Banks could not conveniently be formed as co-operative societies, inasmuch as the older co-operative law, in force up to that date, made no provision whatever for limited liability. Accordingly, the three Central Banks formed previously to 1889, viz., the Central Bank of Neuwied, formed in 1876, and the two Central Banks severally of Darmstadt (1883) and of Münster (1884), were registered under the Companies Law as joint-stock companies. They were intended to serve as banking centres severally for the original Raiffeisen Union of Neuwied, the agricultural co-operative societies of a slightly altered type having their headquarters in Hesse, and the co-operative

\* A report upon the organisation and management of Central Banks in the "Imperial Union of Agricultural Co-operative Societies," kindly promised us by the President of that Union, Geheimer Rath Haas, has not reached us in time.



agricultural societies of an independent union in Westphalia. The Central Bank of Münster very soon after 1889 adopted the co-operative form. Once limited liability became permitted in co-operative organisations, co-operative credit societies soon came to discover the advantages of having Central Banks for smaller districts to fall back upon besides the very large ones referred to. Up to that time, in lieu of dealing with such central institutions, they had in their business transactions had to do as well as they could in resorting to the counters of large non-co-operative banks or else entering into business relations with private capitalists, if they would on the one hand satisfy their needs of credit, and on the other usefully employ their superabundant deposits.

The two great Central Banks of Neuwied and Darmstadt have remained joint-stock companies to this day. However, Neuwied has interposed local branch banks, provincial Central Banks, between itself and the small credit societies affiliated to it and scattered all over Germany. On the other hand, all Central Banks formed since 1889 have adopted the co-operative form coupled with limited liability. They are these:—

#### A. Within the "Imperial Union" of Darmstadt.

1. The "Landesgenossenschaftscasse of Hanover" of Hanover, formed in 1890, to serve as centre in the province of Hanover.

2. The "Union of Agricultural Co-operative Societies of Silesia" of Neisse, formed in 1890, to serve as centre in the province of Silesia.

3. The "Hauptgenossenschaftscasse für die Rheinprovinz" of Bonn, formed in 1892, to serve as centre in Rhenish Prussia.

4. The "Ländliche Zentralscasse" of Wormditt, formed in 1892, to serve as centre in the district of Ermland.

5. The "Zentralgenossenschaftscasse für den Regierungsbezirk Kassel" of Kassel, formed in 1893, to serve as centre in the district of Kassel.

6. The "Genossenschafts—Bank zu Halle" of Halle, formed in 1893, to serve as centre in the Prussian province of Saxony.

7. The "Bayrische Zentralsdarlehenscasse" of Munich, formed in 1893, to serve as centre in Bavaria.

8. The "Nassauische Hauptgenossenschaftscasse" of Wiesbaden, formed in 1894, to serve as centre in Nassau.

9. The "Landwirtschaftliche Provinzialgenossenschaftscasse für die Mark Brandenburg und die Nieder-Lausitz," formed in 1895, to serve as centre in the province of Brandenburg.

10. The "Provinzialgenossenschaftscasse für Schlesien" of Breslau, formed in 1895, to serve as centre in the province of Silesia (for agricultural credit societies only).

11. The "Schleswig-Holsteinische Landesgenossenschaftscasse" of Kiel, formed in 1895, to serve as centre in Schleswig-Holstein.

12. The "Provinzialgenossenschaftscasse für Posen" of Posen, formed in 1895, to serve as centre in the Grand Duchy of Posen.

13. The "Pommersche Landesgenossenschaftscasse" of Stettin, formed in 1895, to serve as centre in Pomerania.

14. The "Mecklenburgische Landesgenossenschaftscasse" of Güstrow, formed in 1896, to serve as centre in Mecklenburg.

15. The "Landesgenossenschaftscasse für das Königreich Sachsen" of Dresden, formed in 1897 to serve as centre in the kingdom of Saxony.

16. The "Landwirthschaftliche Hauptgenossenschaft für Westfalen" of Münster, to serve as centre for Westphalia, Lippe, and Waldeck (co-operative dairies).

17. The "Landwirthschaftliche Genossenschaftscasse für West-preussen" of Neumark, formed in 1897, to serve as centre for Western Prussia.

18. The "Landesgenossenschaftscasse" of Oldenburg, formed in 1897, to serve as centre in Oldenburg.

19. The "Bayrische Zentraldarlehenscasse, Filiale Pfalz," of Landau, formed in 1899, to serve as centre for the Bavarian Palatinate.

20. The "Zentralcasse der badischen landwirthschaftlichen Ein- und Verkaufsgenossenschaften" of Karlsruhe, to serve as centre in the Grand Duchy of Baden (purchase and sale societies only).

### B. Outside the "Imperial Union."

1. The "Ländliche Zentralcasse" of Münster, formed in 1884, to serve as centre in Westphalia.

2. The "Rheinische Bauerngenossenschaftscasse" of Cologne, formed in 1892, to serve as centre to the "peasants' associations" of Rhenish Prussia.

3. The "Landwirthschaftliche Genossenschaftszentralcasse" of Stuttgart, formed in 1893, to serve as centre in Württemberg.

4. The "Trierischer Genossenschaftsverband" of Trier, to serve as centre in Rhineland.

5. The "Genossenschaftliche Zentralcasse des Bundes der Landwirte" of Berlin, formed in 1896, to serve as centre to the societies of the "Federation of Agriculturists" throughout the German Empire.

6. The "Pfälzischer Genossenschaftsverband für Geld- und Warenverkehr" of Wachenheim, formed in 1897, to serve as centre in the Bavarian Palatinate.\*

Thus it will be seen that the "Imperial Union" has no fewer than 20, or, including Darmstadt, 21, Central Banks to serve as many out of its 25 "revision unions"—local unions, that is, for purposes of official audit and inspection—as independent centres. Not all of them, however, are genuine money-handling banks. Eleven are mere "account-keeping" banks (*Buchkassen*), which simply keep the accounts and commission other banks to handle the money for them. Thus the Central Banks of Wormditt, Neumark, Berlin, Stettin, Posen, Breslau, Kassel, and Bonn employ the Prussian Central State Credit Bank of Berlin as their banker; the banks of Guestrow and Neisse and of Baden deal in precisely the same way with other banks; and a twelfth bank, that of Landau, applies a mixed system, being at once an account-keeping and, for certain purposes, a money-handling bank. In the same way, outside the "Imperial Union," the Central Banks of Berlin and Cologne are mere account-keeping centres.

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\* In addition there are, apart from the Central Bank of Neuwied, twelve local central banks acting as branch centres in the Raiffeisen Union.—H. W. W.

The following table shows the membership of the small banking centres within the "Imperial Union":—

| Bank.                         | When Registered. | Members.               |                           |                        |                           |                        |                           |                        |                           |                                    |                              |
|-------------------------------|------------------|------------------------|---------------------------|------------------------|---------------------------|------------------------|---------------------------|------------------------|---------------------------|------------------------------------|------------------------------|
|                               |                  | 1897.<br>Total Number. | Thereof Credit Societies. | 1899.<br>Total Number. | Thereof Credit Societies. | 1900.<br>Total Number. | Thereof Credit Societies. | 1901.<br>Total Number. | Thereof Credit Societies. | 1st January 1904.<br>Total Number. | Thereof Societies generally. |
| Wormditt -                    | 1892             | 57                     | 57                        | 60                     | 60                        | 60                     | 60                        | 64                     | 64                        | 67                                 | 67                           |
| Neumark -                     | 1897             | 14                     | ...                       | 21                     | 1                         | 21                     | ...                       | 22                     | ...                       | 21                                 | 21                           |
| Berlin -                      | 1895             | 162                    | 132                       | 218                    | 185                       | 235                    | 195                       | 275                    | 228                       | 318                                | 310                          |
| Stettin -                     | 1895             | 158                    | 127                       | 154                    | 122                       | 158                    | 123                       | 188                    | 147                       | 250                                | 243                          |
| Posen -                       | 1895             | 288                    | 213                       | 253                    | 203                       | 293                    | 234                       | 323                    | 258                       | 333                                | 325                          |
| Breslau -                     | 1895             | 380                    | 367                       | 469                    | 453                       | 517                    | 496                       | 599                    | 568                       | 635                                | 626                          |
| Halle -                       | 1893             | 255                    | 129                       | 336                    | 186                       | 371                    | 216                       | 410                    | 246                       | 498                                | 484                          |
| Kiel -                        | 1895             | 106                    | 65                        | 137                    | 91                        | 152                    | 107                       | 173                    | 126                       | 191                                | 164                          |
| Hanover -                     | 1890             | 244                    | 210                       | 291                    | 255                       | 319                    | 283                       | 328                    | 291                       | 340                                | 313                          |
| Münster -                     | 1897             | 14                     | ...                       | 18                     | ...                       | 18                     | ...                       | 18                     | ...                       | 35                                 | 34                           |
| Kassel -                      | 1893             | 54                     | 29                        | 64                     | 41                        | 70                     | 49                        | 69                     | 49                        | 70                                 | 63                           |
| Wiesbaden -                   | 1894             | 110                    | 68                        | 147                    | 101                       | 156                    | 106                       | 165                    | 109                       | 166                                | 152                          |
| Bonn -                        | 1892             | 121                    | 47                        | 149                    | 56                        | 172                    | 71                        | 193                    | 81                        | 207                                | 197                          |
| München -                     | 1893             | 1193                   | 1185                      | 1467                   | 1459                      | 1611                   | 1594                      | 1655                   | 1634                      | 1760                               | 1751                         |
| Bittenheim -                  | 1893             | ...                    | ...                       | 209                    | 201                       | 267                    | 208                       | ...                    | ...                       | ...                                | ...                          |
| Landau -                      | 1899             | ...                    | ...                       | 266                    | 266                       | 267                    | 265                       | 268                    | 267                       | ...                                | ...                          |
| Dresden -                     | 1897             | 76                     | 58                        | 119                    | 80                        | 148                    | 93                        | 162                    | 100                       | 178                                | 173                          |
| Karlsruhe -                   | 1900             | ...                    | ...                       | ...                    | ...                       | 100                    | ...                       | 147                    | ...                       | 186                                | 150                          |
| Güstrow -                     | 1896             | 60                     | 40                        | 54                     | 34                        | 50                     | 32                        | 49                     | 29                        | 49                                 | 33                           |
| Oldenburg -                   | 1897             | 12                     | 6                         | 37                     | 31                        | 40                     | 34                        | 41                     | 35                        | 43                                 | 39                           |
| Neisse -                      | 1889             | 123                    | 122                       | 131                    | 131                       | 139                    | 138                       | 150                    | 149                       | 181                                | 181                          |
| Altogether -                  |                  | 3427                   | 2855                      | 4600                   | 3956                      | 5158                   | 4304                      | 5299                   | 4381                      | 5528                               | 5326                         |
| Moreover—                     |                  |                        |                           |                        |                           |                        |                           |                        |                           |                                    |                              |
| Darmstadt A.-G. -             | 1883             | 700                    | 321                       | 551                    | 331                       | 550                    | 342                       | 528                    | 345                       | ?                                  | ?                            |
| Mannheim -                    | 1890             | 143                    | 143                       | 208                    | 208                       | 232                    | 231                       | 251                    | 250                       | ?                                  | ?                            |
| All in all within the Union - |                  | 4270                   | 3319                      | 5359                   | 4495                      | 5940                   | 4877                      | 6078                   | 4976                      | ...                                | ...                          |

This shows that the proportion in which credit societies contribute to the membership of Central Banks has from 1899 declined, owing mainly to the coming in of dairy societies, which has reduced their proportion. This is to be seen from the following figures. Credit societies in 1897 made up 78 per cent. of the entire membership in Central Banks. These figures rose to 83·8 per cent. in 1899, but in 1900 went down to 82·1 per cent., and in 1901 to 81·8 per cent. The returns thus far published for 1st January 1904

do not distinguish between credit societies and other societies. Therefore it is impossible to say how the proportion stands now. The 202 members not accounted for in the above table as co-operative societies, may be taken to be, for the most part, public or quasi-public bodies, and only to a small extent also private individuals.

This is in the "Imperial Union." In the Central Banks not belonging to that Union there has been a corresponding change in the membership, as the figures here following show:—

| Bank.         | When Registered. | Members.               |                              |                        |                              |                        |                              |                        |                              |                                    |                                 |
|---------------|------------------|------------------------|------------------------------|------------------------|------------------------------|------------------------|------------------------------|------------------------|------------------------------|------------------------------------|---------------------------------|
|               |                  | 1897.<br>Total Number. | Thereof Credit<br>Societies. | 1899.<br>Total Number. | Thereof Credit<br>Societies. | 1900.<br>Total Number. | Thereof Credit<br>Societies. | 1901.<br>Total Number. | Thereof Credit<br>Societies. | 1st January 1904.<br>Total Number. | Thereof Societies<br>generally. |
| Münster - -   | 1884<br>(1900)   | 349                    | 349                          | ?                      | ?                            | 425                    | 425                          | 469                    | 449                          | 487                                | 467                             |
| Cologne - -   | 1893             | ?                      | ?                            | ?                      | ?                            | ?                      | ?                            | 460                    | 354                          | 505                                | 497                             |
| Stuttgart - - | 1893             | 668                    | 663                          | 788                    | 780                          | 825                    | 814                          | 862                    | 848                          | 916                                | 900                             |
| Trier - -     | 1895             | 85                     | 78                           | ?                      | ?                            | 147                    | 126                          | 159                    | 135                          | 215                                | 213                             |
| Berlin - -    | 1896             | 110                    | 20                           | 144                    | 30                           | 247                    | 81                           | 195                    | 44                           | 206                                | 196                             |
| Wachenheim -  | 1897             | 30                     | 30                           | 42                     | 24                           | 42                     | 26                           | 46                     | 26                           | 46                                 | 26                              |
| Altogether -  |                  | 1242                   | 1140                         | 974*                   | 834                          | 1687                   | 1472                         | 2191                   | 1856                         | 2375                               | 2299                            |

\* Without Münster and Trier.

Accordingly credit society membership has declined from 91·8 per cent. in 1897 to 85·6 per cent. in 1899, rising once more to 87·2 per cent. in 1900, but dropping afresh to 84·7 per cent. in 1901.

Generally speaking the central banks formed as limited liability co-operative societies have adopted the principle of issuing small shares, which carry with them comparatively heavy liability, ranging from tenfold up to hundredfold the value of the share. Thus at the close of 1901 five central banks within the "Imperial Union" had 20 M. (£1) shares involving liability to the extent of 1000 M. (£50), another had £1 shares with £75 liability, another 25s. shares and £125 liability, another yet 50s. shares and £200 liability, four banks had 100s. shares with liability ranging from £50 to £300, two had £25 shares with liability extending severally to £200 and £750, and one had £50 shares with £500 liability. In the same way, outside the "Imperial Union," the value of the share rises from 10s. to £50, meaning liability ranging from £50 to £500, the £500 being in respect of a £5 share.

Since the date mentioned the proportion between share value and liability has been rather modified in several banks. Among other things done, the liability for £500 in respect of a £5 share has been brought down to £250. One bank has raised the value of its shares from £5 to £50, and increased the liability attaching to it from £100 to £500. Four other banks have raised the value of their shares without altering the figure indicating liability. Generally speaking, central banks therefore still favour small payments on shares and a heavy guarantee. The point is of consequence beyond the actual question of liability of members to their several banks, because it is their collective liability which determines the liability attaching, and correspondingly the measure of credit accorded, to the bank as a whole. If the demand for credit asked of central banks is to be satisfied, since the share capital is small, members must be allowed to take up more than one share. The following table shows what is the maximum permitted in the several central banks, and what corresponding liability it carries with it:—

## WITHIN THE "IMPERIAL UNION."

| Central Banks<br>adopting the<br>Maximum. | Value of the<br>single Shares<br>in Shillings. | Liability for<br>the single<br>Shares in £. | Maximum<br>Number of<br>Shares to be<br>held by one<br>Society. | Collective<br>Amount of<br>Liability in<br>respect of<br>such Holdings. |
|---|--|---|---|---|
| 2   | 20   | 50  | 100   | 5,000   |
| 1   | 20*  | 50  | 150   | 7,500   |
| 1   | 20   | 50  | 200   | 10,000  |
| 1 (Posen)                                 | 20   | 50  | 500   | 25,000  |
| 1   | 20   | 75  | 100   | 7,500   |
| 1   | 25   | 125   | 50  | 6,250   |
| 1   | 50   | 200   | 50  | 10,000  |
| 2   | 100  | 50  | 10  | 500   |
| 1   | 100†   | 50  | 20  | 1,000   |
| 1   | 100  | 100   | 20  | 2,000   |
| 2   | 100‡   | 100‡  | 50  | 5,000   |
| 1 (Stettin)                               | 100  | 200   | 300   | 60,000  |
| 1   | 100  | 300   | 15  | 4,500   |
| 1   | 100  | 300   | 50  | 15,000  |
| 1   | 500  | 200   | 100   | 20,000  |
| 1   | 500  | 750   | 3   | 2,250   |
| 1   | 1,000  | 500   | 20  | 10,000  |

## OUTSIDE THE "IMPERIAL UNION."

|                                |       |     |       |         |
|--------------------------------|-------|-----|-------|---------|
| 1 (Wachenheim)                 | 10    | 50  | 500   | 25,000  |
| 1 (Agricultural<br>Federation) | 20§   | 50  | 3,000 | 150,000 |
| 1                              | 100   | 50  | 10    | 500     |
| 1                              | 100   | 500 | 10    | 5,000   |
| 1                              | 500   | 250 | 20    | 5,000   |
| 1                              | 1,000 | 300 | 10    | 3,000   |

In addition to the preference already referred to for small shares and heavy liability, this table also shows a tendency to be prevailing to increase risks by permitting a larger holding in shares than was originally proposed. Thus the Wormditt Bank, which now allows three shares, began with only one; Kiel has raised its maximum from 50 to 100, Hanover from 10 to 15, Wiesbaden from 100 to 150, Bonn from 100 to 200, Dresden from 15 to 50, Wachenheim from 200 to 500, the Agricultural Federation from 500 to 3,000. The precise number of shares held and the precise amount of liability attaching to them may be seen from the following tables:—

\* Raised to 50.

† Raised to 1,000.

‡ Of these two, one, that is, the Central Bank of Münster, has now raised the value of its shares to 1,000 shillings (£50), involving liability for £500, therefore the collective liability in respect of 50 shares is now £25,000.

§ Raised to 100.

|| Reduced to £250.

## WITHIN THE "IMPERIAL UNION."

| Central Banks. | 1897.   |            |  | 1899.   |            |  | 1900.   |            |  | 1901.   |            |  | 1st January 1904. |             |  |
|----------------|---------|------------|--|---------|------------|--|---------|------------|--|---------|------------|--|-------------------|-------------|--|
|                | Shares. | Liability. |  | Shares. | Liability. |  | Shares. | Liability. |  | Shares. | Liability. |  | Shares.           | Liability.  |  |
| Wormditt       | 57      | 855,000    |  | 85      | 1,275,000  |  | 87      | 1,305,000  |  | 91      | 1,365,000  |  | 95                | 1,425,000   |  |
| Neumark        | 110     | 440,000    |  | 174     | 696,000    |  | 174     | 696,000    |  | 183     | 732,000    |  | 182               | 728,000     |  |
| Berlin         | 3,980   | 5,970,000  |  | 6,013   | 9,019,500  |  | 7,222   | 10,833,000 |  | 8,424   | 12,636,000 |  | 9,474             | 14,211,000  |  |
| Stettin        | 1,212   | 4,848,000  |  | 1,364   | 5,456,000  |  | 1,530   | 6,120,000  |  | 1,599   | 6,396,000  |  | 2,086             | 10,744,000  |  |
| Posen          | 8,589   | 8,589,000  |  | 11,722  | 11,722,000 |  | 14,678  | 14,678,000 |  | 18,815  | 18,815,000 |  | 21,246            | 21,246,000  |  |
| Breslau        | 6,397   | 6,397,000  |  | 9,366   | 9,366,000  |  | 11,592  | 11,592,000 |  | 14,535  | 14,535,000 |  | 16,198            | 16,198,000  |  |
| Halle          | 1,023   | 6,138,000  |  | 1,502   | 9,012,000  |  | 1,822   | 10,932,000 |  | 2,210   | 12,680,000 |  | 2,365             | 14,190,000  |  |
| Kiel           | 427     | 1,708,000  |  | 833     | 3,332,000  |  | 1,041   | 4,164,000  |  | 1,242   | 4,968,000  |  | 1,334             | 5,336,000   |  |
| Hanover        | 525     | 3,150,000  |  | 685     | 4,110,000  |  | 739     | 4,734,000  |  | 823     | 4,938,000  |  | 858               | 5,148,000   |  |
| Münster        | ?       | ?          |  | ?       | ?          |  | ?       | ?          |  | ?       | ?          |  | 100               | 1,000,000   |  |
| Kassel         | 1,122   | 1,122,000  |  | 1,312   | 1,312,000  |  | 1,345   | 1,345,000  |  | 1,401   | 1,401,000  |  | 1,311             | 1,311,000   |  |
| Wiesbaden      | 878     | 878,000    |  | 1,066   | 1,066,000  |  | 2,201   | 2,201,000  |  | 2,946   | 2,946,000  |  | 3,021             | 3,021,000   |  |
| Bonn           | 1,873   | 1,873,000  |  | 3,026   | 3,026,000  |  | 3,535   | 3,535,000  |  | 4,059   | 4,059,000  |  | 4,369             | 4,369,000   |  |
| München        | 1,787   | 1,787,000  |  | 2,560   | 2,560,000  |  | 2,868   | 2,868,000  |  | 3,114   | 3,114,000  |  | 3,492             | 3,492,000   |  |
| Dittenheim     | 309     | 309,000    |  | 455     | 455,000    |  | 279     | 279,000    |  | ?       | ?          |  | ...               | ...         |  |
| Landau         | ...     | ...        |  | 497     | 497,000    |  | 500     | 500,000    |  | ?       | ?          |  | ...               | ...         |  |
| Dresden        | 136     | 272,000    |  | 819     | 1,638,000  |  | 1,256   | 2,512,000  |  | 1,393   | 2,786,000  |  | 1,418             | 2,836,000   |  |
| Karlsruhe      | ...     | ...        |  | ...     | ...        |  | 150     | 150,000    |  | 270     | 270,000    |  | 532               | 532,000     |  |
| Güstrow        | 90      | 180,000    |  | 149     | 298,000    |  | 136     | 272,000    |  | 136     | 272,000    |  | 156               | 312,000     |  |
| Oldenburg      | ...     | ...        |  | 91      | 227,500    |  | 173     | 432,500    |  | 201     | 502,500    |  | 204               | 510,000     |  |
| Neisse         | 123     | 1,230,000  |  | 132     | 1,320,000  |  | 320     | 3,200,000  |  | 418     | 4,180,000  |  | 515               | 5,150,000   |  |
| Altogether     | 28,638  | 45,746,000 |  | 42,451  | 66,988,000 |  | 51,698  | 82,350,500 |  | 61,680  | 96,755,000 |  | 69,556            | 111,759,000 |  |

## OUTSIDE THE "IMPERIAL UNION."

|            | 1897.   |            |  | 1899.   |            |  | 1900.   |            |  | 1901.   |            |  | 1st January 1904. |            |  |
|------------|---------|------------|--|---------|------------|--|---------|------------|--|---------|------------|--|-------------------|------------|--|
|            | Shares. | Liability. |  | Shares. | Liability. |  | Shares. | Liability. |  | Shares. | Liability. |  | Shares.           | Liability. |  |
| Münster    | ...     | ...        |  | ...     | ...        |  | ...     | ...        |  | 1,139   | 5,695,000  |  | 1,233             | 6,165,000  |  |
| Cologne    | ...     | ...        |  | ...     | ...        |  | ...     | ...        |  | 1,145   | 6,870,000  |  | 1,290             | 8,340,000  |  |
| Stuttgart  | 1,091   | 1,091,000  |  | 1,370   | 1,370,000  |  | 1,454   | 1,454,000  |  | 1,517   | 1,517,000  |  | 1,629             | 1,629,000  |  |
| Trier      | 85      | 850,000    |  | ?       | ?          |  | 147     | 1,470,000  |  | 159     | 1,590,000  |  | 215               | 2,150,000  |  |
| Berlin     | 1,067   | 1,967,000  |  | 3,933   | 3,933,000  |  | 5,287   | 5,287,000  |  | 7,097   | 7,097,000  |  | 10,180            | 10,180,000 |  |
| Wachenheim | ...     | ...        |  | 963     | 963,000    |  | 1,116   | 1,116,000  |  | 1,341   | 1,341,000  |  | 1,342             | 1,342,000  |  |
| Altogether | 3,143   | 3,908,000  |  | 6,266   | 6,266,000  |  | 8,004   | 9,327,000  |  | 12,398  | 24,110,000 |  | 15,889            | 29,806,000 |  |



The credit which central banks allow to individual co-operative societies is, generally speaking, as has been said, determined by the amount of liability for the former accepted by the latter, since it is on the ground of the liability pledged to itself by others that the central bank raises what money it requires when its share capital and deposits fail to suffice, by drawing on the Prussian Central State Bank. The precise amount of credit permitted in respect of liability attaching to shares varies in different banks. Originally the two figures were identical, £100 liability meant *ipso facto* £100 credit. In course of time the figure for credit has in many cases come to be reduced to a fraction of the liability. On the other hand six central banks allow a credit exceeding the liability involved. Thus Wormditt allows 20,000 M. credit in respect of only 15,000 M. liability engaged, Hanover 10,000 M. in respect of 6,000 M., Dresden 10,000 M. in respect of 2,000 M., Güstrow 5,000 M. in respect of 2,000 M., Munich 8,000 M. in respect of 1,000 M., and Karlsruhe 3,000 M. in respect of 1,000 M. Nine central banks, however, limit credit to less than the liability, severally to four-fifths (one), three-fourths (four), two-thirds (three), and even only half (one). The Central Bank of Darmstadt used to allow 3,000 M. credit in respect of every share of 200 M., and in special cases (banks recently started) even 6,000 M. It has now reduced its credit to 2,000 M. per share, and 30,000 M. (£1,500) in respect of any one society. Outside the Imperial Union the disproportion between liability and credit is at least as marked. Münster allows 10,000 M. credit in respect of one 500 M. share involving 5,000 M. liability, Cologne allows 15,000 M. credit in respect of every 1,000 M. share involving 6,000 M. liability, Stuttgart 5,000 M. in respect severally of 100 M. and 1,000 M., Wachenheim 7,500 M. in respect of severally 10 M. and 1,000 M. Only Berlin keeps below the liability limit (750 M. credit to 1,000 M. liability).

There are fixed rules laid down in every central bank regulating credit transactions. They are, generally speaking, the same everywhere. I extract from those adopted by one leading bank the following,\* as being the principal provisions applying more specifically to current accounts which used to be the favourite form of credit.

Applications for credit have to be handed in in duplicate, one copy, showing the registrar's certificate, to be returned, the other to be retained by the bank; the last balance-sheet,

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\* The rules are printed *in extenso* in the German edition of the Report. H. W. W.

an application for membership, an intimation of the number of shares in the central bank which the society proposes to take up, a formal application for credit in the approved form and a questions-sheet issued by the central bank with answers to each query, signed by the members of the committee and the chairman of the committee of supervision, must be handed in at the same time. Supposing the society applying to consist of fewer than 500 members, it is required to send a report to the Central State Bank, giving the precise number of its members every year before the 1st of February, and every year before the 1st of May a full report showing the amount of income tax and surtax paid by members collectively, and answers to certain questions put by the central bank. One such question asks what properties under 6,000 M. and incomes under 900 M. there are among members of the society. Such small properties and incomes are not mentioned in the official income tax returns, which the central bank consults for its security; but they probably predominate in small agricultural credit societies. Accordingly the central bank requires to be informed. Another paper to be handed in is a certified copy of the annual balance-sheet, signed among others by every new member of the committee elected within the year, and a report on any changes which may have taken place in the membership or in the rules. Societies affiliating themselves to any particular central bank engage not to borrow elsewhere, but to make all applications for money which may occur to the committee of that central bank only. Formal receipts for advances received have to be sent in within eight days. The borrowing society likewise engages to deposit all its surplus money with its own central bank. On such moneys interest is allowed from the second working day following deposit, and their amount is set off against an equal amount of the debt owing. Accounts are balanced every half year, on 30th June and 31st December. Interest is then carried to capital account. The account as then made up is at once communicated to the society. Objections are required to be made within four weeks or are not noticed. Postage is charged to the borrowing society. Of the balance standing against it at such half-yearly settling, one-tenth at least must be paid before the next balancing day. This, however, does not preclude fresh borrowing. Advances up to 5,000 M. are paid promptly at any time. For sums ranging from 5,000 to 10,000 M. three days' notice is required, above that figure five days'. The central bank reserves to itself the right of closing the account by three months' notice. In the event of a borrowing society not observing the terms of

the bargain, or of leaving the Union, or else being turned out of it, or else if the committee or the committee of supervision of the central bank should "consider such course to be called for in the interest of the central bank," the latter reserves to itself the right of closing the account at once, without notice. In that case any balance owing to the central bank becomes due on the spot. Should there be costs or expenses incurred in legal proceedings, the central bank holds the local society liable for the same.

Apart from current accounts, local societies joining the central bank become entitled to borrow money on the security of effects deposited, or else on note-of-hand, or by offering bills to be discounted, and also to claim the services of the central bank for the purchase or sale of effects, the collection of dividends and the keeping of open deposit accounts, as provided in the rules of the Prussian Central State Credit Bank. They also become entitled to the use of the clearing-house department at the Imperial Bank. The same as when drawing money on current account, local societies affiliated to the central bank undertake to carry neither bills for discounting nor effects for pledging to any other bank, or claim advances from it in any shape or form.

The last report of the same central bank whose rules have been quoted from, explains that in fixing limits of credit it adopts the rules laid down by the Prussian Central State Bank. This is generally the case. Under those rules small credit societies based on unlimited liability are required to do no more than send in a list of their members, which the central bank will, when necessary, ask the registrar to verify. That will enable the central bank under a special order made by the Minister of Finance to obtain particulars as to assessment to income tax direct from the income tax authorities. The technical manner in which the information as to the financial position of members is in this way obtained, on which of course the credit is based, is also explained.

The central bank's share capital constitutes only a portion of the funds upon which it relies for working capital. Its next source to yield money is deposits. Deposits are as a rule received at from three to twelve months' notice. In addition, some central banks also take savings deposits withdrawable without notice. Even such funds are found not to suffice. Accordingly the outside market has to be appealed to. Before the creation of the Prussian Central State Bank it was tapped through the medium of friendly private banks such as, above all things, the "Deutsche Genossenschaftsbank" of Messrs. Sörgel, Parrisius & Co. That

involved the central bank's adapting itself to the lending bank's particular rules. Sometimes money was only to be obtained by the members of the managing committees pledging their personal liability for the loan raised. Since the Prussian Central State Bank has come into the field, it has become general for central banks to enter into direct business relations with that institution. That has apparently simplified matters for them, for the Central State Bank advances them money on the security of their members' liability. However, it is not altogether content with that. It claims in addition, the information which central banks are empowered to obtain from the income tax authorities, showing what is the assessed income of the members of the local banks with which it deals. That admits of a very fair estimate of the security really offered.

Accordingly, in the case of societies with unlimited liability it is the property of the individual members, ascertained from the income tax registers, which really serves as security; in the case of societies with limited liability, the liability collectively pledged.

Of course such liability or assessment is not accepted as security up to the hilt. Some deductions are made, in the first place, for the sake of general security, a small proportion of the income ascertained is written off. In the case of societies with unlimited liability, it is generally one-tenth, and in that of societies with limited liability, a varying proportion. Next, a more substantial deduction is made, which varies according to the engagements into which the central bank answering for the society has entered with the Prussian Central State Bank. If it has formally pledged itself to leave its money in the State Bank's hands, employing the State Bank as its banker, engaging to do banking business with no one else—with the exception of the receipt of savings deposits, and dealing directly with its members—the Prussian Central State Bank assigns to it a credit to the extent of three-fourths of the figure arrived at after the deduction of the above one-tenth. Should the central bank make all the concessions referred to except making the State Bank its banker, the available credit is made to stand at two-thirds of the security shown. In other cases, the credit is limited to one half of the presumed security, and the assets of the central bank, ascertained by inquiry as has been explained, are taken at only two-thirds of their ostensible value. Should the information asked for in the rules with regard to such assets be withheld, the State Bank values every member of the society according to its own judgment

at, generally speaking, 100 M. up to 300 M., and credits the bank accordingly.

From the ready access to credit permitted to central banks, it will be understood how it is that they attach so little importance to the accumulation of capital of their own. The liability which their societies pledge to them is quite sufficient for all their purposes of credit.

However, in this there is likely to be a change. The Prussian Central State Bank began by giving credit to central banks by preference in the shape of current accounts. Finding, however, that its resources were very freely drawn upon, it took to favouring discounts, which place rediscountable bills of exchange in its possession. That, of course, compelled the central banks to do the same. Accordingly much of their current account credit has become converted into discount credit. This has given not a little umbrage to members of rural credit societies. For under German law, which M. Durand has termed "Draconic," the bill of exchange or promissory note is a veritable terror or bogie to country folk. They would rather do a good deal than append their signature to such a document. Rural credit societies have made it a strong point in their favour that they grant credit without requiring promissory notes.

In view of this, it may be that the Prussian Central State Bank has, since 1st April 1902, adopted a novel rule, the object of which appears to be to induce central banks to pay greater attention to the accumulation of capital of their own. The State Bank has now limited the credit which it is prepared to give to ten times the amount of the paid-up share capital, even should the liability pledged be proved to entitle a borrower to a much larger credit. How this change has affected central banks may be gathered from the following figures. In 1901 the Central Bank of Neumark possessed a share capital of 9,150 M., but had raised from the State Bank on the security of its members' liability, 173,852 M., and on the security of promissory notes 100,000 M. The new rule at once reduced its credit to 91,500 M. The corresponding figures for the Central Bank of Breslau were 291,500 M. paid-up share capital, 2,961,820 M. and 128,000 M. loan money, and its credit going down to 2,915,000 M. So again in the case of Kassel in the face of 569,696 M. actually borrowed on liability, the credit became reduced to 280,400 M. The action taken by the State Bank accordingly as a matter of course compelled some central banks to increase their share capital (as has already been shown) rather substantially, in order not to find themselves denuded of necessary credit.

The central banks outside the "Imperial Union" were less affected by the new rule, because they had already made it their principle to accumulate share capital, and had accordingly sufficient in hand to procure them all the credit which they wanted.

No doubt the action taken by the State Bank was well advised.

In another respect a rather important change for the better has lately come about in the position of central banks, owing, probably, in the main to the action of time, and the current of business settling down in its proper groove. The Prussian Central State Bank was created in the first instance, like most central banks, to serve as an institution in which abundance of funds in one place might meet and equalise want occurring in another. However, its first experience was that most central banks wanted to borrow, and there was very little plethora in any of them to cure the anæmia prevailing elsewhere. Balancing under those circumstances was impossible. However, things have now settled down. There are four central banks which apparently have already sufficient money to meet their own wants, and actually have no loans standing to their account at the Central State Bank. A curious case of the opposite kind is that of the Bank of Dresden, which, on the strength of only 139,300 M. (£6,965) capital of its own, is shown to have borrowed 2,067,400 M. (£103,370) from the State Bank, holding as realisable assets only 556,743 M. effects, and 440,296 M. outstanding money at banks (not credit societies).

The following table shows to what extent central banks within the "Imperial Union" have been able to rely on loan capital:—

|      | Working Capital.         |                            | Loan Capital made up of            |  |                                 |                           |
|------|--------------------------|----------------------------|------------------------------------|--|---------------------------------|---------------------------|
|      | Shares in Marks.         | Loans in Marks.            | Drafts on the State Bank in Marks. | Deposits held from local Societies. Marks. | Deposits of Individuals. Marks. | Borrowed on Bills. Marks. |
| 1893 | 449,521                  | 2,739,888                  | 739,748                            | 1,652,342                                  | ?                               | ?                         |
| 1894 | 555,185                  | 3,695,634                  | 1,354,179                          | 2,013,951                                  | ?                               | ?                         |
| 1895 | 728,523                  | 9,657,078                  | 3,672,510                          | 5,926,481                                  | ?                               | ?                         |
| 1896 | 1,014,271                | 21,577,954                 | 13,844,931                         | 7,314,332                                  | ?                               | ?                         |
| 1897 | 1,367,725<br>(1,461,605) | 29,005,368<br>(42,312,867) | 13,726,714<br>(17,036,530)         | 14,415,432<br>(21,769,566)                 | 539,923<br>?                    | 298,806<br>?              |
| 1898 | 1,792,942                | 49,824,637                 | 15,830,917                         | 25,247,150                                 | ?                               | ?                         |
| 1899 | 2,068,957                | 53,789,102                 | 16,851,581                         | 27,652,215                                 | 2,664,610                       | 3,004,700                 |
| 1900 | 2,865,999                | 60,887,107                 | 15,676,868                         | 35,739,080                                 | 1,820,329                       | 1,498,000                 |
| 1901 | 4,265,999                | 57,939,227                 | 13,088,590                         | 39,998,476                                 | 1,710,012                       | *3,078,445                |

\* 2,067,400 M. of this was obtained from the State by the Central Bank of Dresden.

The effect is very clearly observable once the figures are reduced to percentages. Share (and reserve) capital began in 1893 by figuring at 16·4 per cent. of loan capital. By 1901 it had become proportionally reduced to 7·4 per cent., it is true after having been down at 3·6 per cent. in 1898. The proportion of money borrowed from business banks (including discounts) had fluctuated between 27 and 64 per cent., that of deposits from affiliated societies between 34 and 69 per cent. Loans made by central banks to their affiliated societies have steadily increased, as is shown by the following figures :—

|          | Marks.     |          | Marks.     |
|----------|------------|----------|------------|
| 1893 - - | 2,539,652  | 1898 - - | 40,585,290 |
| 1894 - - | 3,757,339  | 1899 - - | 45,039,408 |
| 1895 - - | 6,192,727  | 1900 - - | 51,203,950 |
| 1896 - - | 17,857,490 | 1901 - - | 52,328,627 |
| 1897 - - | 32,309,146 |          |            |

The exceptionally marked increase of business after 1896 is clearly to be accounted for by the opening of ten new central banks.

In the central banks not forming part of the "Imperial Union," the proportion of share capital has remained steadier, but it began at a low figure, generally 5 to 7 per cent. of loan money; in one year, 1896, it went down to 2·5 per cent. On the other hand, deposits from affiliated societies show very much better than in the "Imperial Union" banks, generally speaking at from 77 to 92 per cent., and likewise remaining pretty steady. The advances made by these banks to affiliated societies have increased in as marked a manner as in the others, namely, from 2,621,834 M. in 1893 to 17,360,860 M. in 1901.

The rates of interest, and of additional (small) commissions have generally gone up a little, and they have certainly fluctuated more as time went on, the explanation being that the Central State Bank became in a larger degree dependent upon the outside market as larger demands were made upon it. The rise has, however, after all, not been particularly striking. The rate for deposits still rules generally between 3 and 4 per cent., the rate for loans at 4 to 5 per cent. (it used to be  $3\frac{1}{2}$  to 4 per cent.), with generally  $\frac{1}{16}$  commission added.

Several central banks have extended their business beyond transactions merely with their members, and become to that extent general bankers. Such banks engage practically in every kind of banking transaction. Most admit individual

members, but the number of such actually on their books is only trifling, amounting on the 1st January 1904 to only 171 in 15 central banks of the "Imperial Union." In 1897 it stood at 490 in 16 banks. Outside the "Imperial Union" the number is even smaller. On 1st January 1904 it stood at 34 in 3 banks.

Quite a new feature was added to co-operative banking in 1902, when the "Reichsgenossenschaftsbank" was formed by the "Imperial Union" practically by conversion of the Co-operative Agricultural Wholesale Trading Society of Hamburg into what is now called a bank. The "Bank" is still intended to act in the main as a wholesale society, purchasing and selling goods on behalf of its members, but as is indicated by its name it has taken power also to carry on banking business. According to the published balance-sheet it has advanced money to the extent of 2,465,000 M. to central unions of agricultural co-operative societies of the "Imperial Union," by discounting their bills. Membership in it is open to any society of any sort, central or local, co-operative or joint-stock, which forms part of the "Imperial Union" of agricultural co-operative societies, also to unions of such societies, to central banks, and to individuals who are members of the Committee of any of the above-named organisations. At the close of 1902 its membership stood at 29, namely, 14 central purchase and sale societies, 8 central banks, 2 agricultural co-operative unions, 1 local society and 4 individuals. The membership is said at the present time to include 30 organisations and individuals, holding among them 96 shares, which involve a collective liability of 1,920,000 M. (£96,000). The actual share capital stood on 30th June 1903 at 192,922 M., the loan capital at 2,652,642 M., including 2,486,347 M. deposits from affiliated central societies. There are some novel features about it. The value of the share is fixed at 200 M., implying liability to the extent of 20,000 M. One member may hold 50 shares. Central societies and unions which join are under an engagement to take up one share for every 100 societies belonging to them, also one further share in respect of every 500,000 M. worth of purchases made and every 100,000 M. credit obtained from the "Bank." Only 4 per cent. is allowed on capital, and provision is made for the accumulation of two reserve funds, which are severally to be increased to one quarter and one half of the amount of the collective share capital. Last year's trade was returned at 131,931,479.60 M. (about £6,596,574). The branch establishment at Hamburg has during the last year supplied members with 10,780 tons



of artificial fertilisers, 4,909 tons of feeding stuffs, and 634 tons of other goods—in all 16,074 tons of goods, valued at 2,526,002·82 M. (£126,300). The “Reichsgenossenschaftsbank” took a very prominent part in the negotiations which led to the acquisition on behalf of German agricultural co-operators of the nitrate deposits in Chili. Its net profit for last year is given at 52,263·18 M.

#### IV. THE CENTRAL BANK OF NEUWIED.

##### INTRODUCTION.

WE gladly accede to the invitation received to furnish a short report on the organisation and work of the Central Bank of Co-operative Agricultural Banks of Germany, for presentation to the International Co-operative Congress at Budapest. Other urgent work has compelled us to make our report briefer than we could have wished it to be, cutting it down to the bare facts. Nevertheless we hope that it will give a clear idea of the institution described.

Taking the several points one by one, we deal first with the history of the bank, next with its organisation, thirdly with its methods of transacting business, in the fourth place we answer criticisms pointed at it from various quarters, and in the fifth we give a survey of its gradual development. We have been asked to omit all reference to the business in goods carried on by the same central bank for the benefit of affiliated societies. That trade is considerable and growing. It seems, however, that an account of it is not wanted here. Accordingly, we confine ourselves to money transactions only with the various Raiffeisen societies, with the branch banks acting as central banks in their several districts, and with the Prussian Central State Bank.

NEUWIED, 1st July 1904.

##### DER GENERAL-VERBAND.

##### I.—A HISTORICAL VIEW OF THE FORMATION AND GROWTH OF THE CENTRAL BANK OF NEUWIED.

Among the co-operative societies formed on the Raiffeisen system, the want of a central institution to balance excess and need of cash in different societies, and to provide money at all times, when wanted, at a moderate rate of interest, began to be realised at a very early period. The local

societies had shown themselves surprisingly useful within their circumscribed districts, and had won for themselves golden opinions in many quarters. However, their capabilities remained restricted. There was very much more to be done. Necessarily confined to narrow districts, these little societies were not in a position, with their modest equipment, to carry on, on the scale required, the daily combat which their avowed principles dictated with the enormous, carefully organised power of Capital bent upon Usury, and thus to realise the results to which their efforts pointed. It soon became plain that a society, such as Raiffeisen aimed at producing, could not truly accomplish the noble task for which it had been created, and improve the position of its members in every respect, unless it was placed in a position advantageously to employ *all* the savings which its members might wish to bring to it, and on the other hand to satisfy *all* demands for credit on personal security which its members might make. Otherwise there must always be the danger of extraneous influences being brought in to act upon its members. In the natural course of things in such a society there must in turn be a comparative plethora and scarcity. So long as the society remained in isolation, unconnected with other societies, such changes must prove dangerous and might prove fatal. Members whose deposits were refused would naturally turn elsewhere to find employment for them. And that must mean that when the condition of things changed and money was once more wanted there would not be sufficient to dispose of.

Of course local societies sought to protect themselves by entering into arrangements with private bankers, and also with joint-stock banks. But they did not find in those quarters what they really wanted. Private bankers very naturally thought only of themselves. And really it did not seem altogether certain that they were safe enough to be entrusted with deposits. For in respect of the business of our village banks, based as they are upon the unlimited liability of members, absolute security is the very first condition to be looked for in employment. There was not any absolute certainty that even joint-stock banks would be found sufficiently safe. In making it their first object to earn a maximum dividend for their shareholders, they are apt at times to become reckless in speculation. It was thought that some arrangement profitable for the societies might be made with public bodies having money to administer. However, such hopes were disappointed.

Accordingly, our societies were really driven to thinking

of forming a central bank of their own, to provide at once sufficient security and the advantages to be expected from banking enterprise. At that time it did not occur to anyone to form a joint-stock company for such purpose, for the societies were co-operative societies, and they believed only in co-operative institutions. Beyond this there seemed no prospect of raising so large a capital as it was held that a joint-stock bank must possess, if it was to command sufficient credit. Accordingly, it was decided to form a central institution under the co-operative law, that is, as matters then stood (for limited liability was not yet authorised) with unlimited liability. The 17th June 1872, saw such a bank formed at Neuwied, bearing the title of "Rheinische landwirthschaftliche Genossenschafts Bank, e. G.," having at the outset eleven societies for members, all of them hailing from Rhenish Prussia. By the close of 1875 their number had risen to twenty-four. To show what the security offered amounted to, every society joining was requested to hand in a list of its members showing, with sufficient proof supplied, what property each of them held. The returns put the liability at the command of every distinct society on an average at about 1,000,000 M. That showed the central bank to be provided with ample security, and indeed it readily obtained for itself perfectly adequate credit. At the outset some individuals were admitted as shareholders. However, the bank soon decided that business dealings must be engaged in only with societies, such as alone in truth it had been formed to serve.

The example set by Rhenish societies was soon followed in other districts under Raiffeisen rule. Thus on 16th April 1874 the "Westfälische landwirthschaftliche Bank" was formed at Iserlohn, for Westphalia, on precisely the same lines; and on 7th April 1874 the "Landwirthschaftliche Centralkasse für Hessen," at Darmstadt, to serve as centre in the Grand Duchy of Hesse.

Soon the three banks discovered that it would be to their common advantage to unite. Accordingly, in combination on 25th June 1874 they formed the "Landwirthschaftliche Generalbank," having its seat at Neuwied, with which was to have been connected a mutual life insurance society "Arminia." The three banks named were the only shareholders in the new larger society.

It had been Raiffeisen's intention to form around the general bank a central bank for every province of the larger German States, and one also for every medium State, in order that by such means business might be extended and personal credit brought within reach of every inhabitant of

the agricultural districts of Germany. In this way every district was to have its own distinct credit centre, where demand and supply might be balanced. The life insurance society was to make life insurance readily accessible to the humblest, and also to help to provide the general bank with funds.

Such idea looked admirable on paper, and it was accordingly welcomed with enthusiasm. However, its execution presented serious difficulties, the most serious of all of which was the opposition which Schulze-Delitzsch, habitually hostile to Raiffeisen co-operation, raised in Parliament, bringing the matter under the notice of the Reichstag in 1876. His standing complaint against Raiffeisen was, that the latter advocated the formation of societies without shares. The result has shown that in Raiffeisen societies no shares are required. It is not the shares which provide the security, but the spirit which animates members. And the Christian spirit cultivated in our societies is the best possible security that there can be. As for the long terms for which we make advances, to which likewise Schulze-Delitzsch was constantly objecting, so eminent an authority as the late Dr. Buchenberger, successively Minister of Agriculture and Minister of Finance in the Grandduchy of Baden, has in his book, "Grundzüge der Deutschen Agrarpolitik," 2nd edition, p. 133, put it on record that they involve no danger. This is what he says:—"The apprehension entertained that such method of granting loans must in the long run involve the society in danger, inasmuch as the deposits taken by the society are withdrawable at shorter notice than the advances are made for, has been shown to be devoid of foundation. The objection which represents it as contrary to good banking practice to allow the two terms to differ in length, may be the more readily ruled out of court as purely theoretical, as there are 'money-balancing places' forming an integral part of the whole organisation, on which societies may at any time draw when their own resources prove insufficient." However, Schulze's "interpellation" was successful, because there was no one in the Reichstag to answer him, and accordingly the General Bank as well as the three local central banks were made, one after another, to close their doors. However, one of them, the "Rheinische landwirthschaftliche Genossenschaftsbank" of Neuwied, was immediately resuscitated on 30th September 1876, being re-formed under the Companies' law as a joint-stock company. It then took the name of "Landwirthschaftliche Central-darlehenskasse," which was on 24th May 1890 extended by

the addition of "für Deutschland." And that is the name which the institution still bears.

The object of the new bank was plainly stated in clause 1 of its rules. It was to carry on banking and credit business generally, with special regard to the wants of the agricultural population. As a matter of fact business has been restricted entirely to that done with societies being members of the bank. In 1899, when the rules were recast, business within such limits only was made the avowed object of the bank. At the same time power was taken to engage in trade in articles required in agriculture and in agricultural produce raised by the societies. Such business had previously been entrusted exclusively to the trading firm "Raiffeisen & Co."; it was then transferred to the bank.

The margin between the rate of interest received and the rate of interest paid being from the very outset only small, a considerable turnover was required to enable the bank to pay its way. Raiffeisen pointed this out to his societies in the journal of his Union in 1879. A turnover on a large scale has fortunately always been forthcoming, as the annual balance-sheets clearly show. It increased slowly at first, later by leaps and bounds. In other respects as well has the central bank brilliantly verified what now appears a prophetic forecast pronounced by Raiffeisen in the Union's paper of 1st December 1879:—"If societies would fully appreciate the value of the Central Bank, it will be necessary that they should bear in mind that they are not here placed face to face with a foreign banking institution, but that the bank was created for them, and is in truth their own property, that accordingly it is to their own interest that they should so shape their business with it as to help it easily over the first difficulties with which every newly-created central institution has as a matter of course to contend, and so to enable it fully to accomplish the task set to it. The more societies are formed and join the bank, the sooner will such goal be reached, the larger will be the turnover, the more favourable will the terms become on which the bank will be able to deal with themselves. The bank may at the outset have to charge one per cent. more for what it lends than for what it borrows. The rate is bound to come down as the reserve fund grows."

## II. ORGANISATION OF THE CENTRAL BANK.

The "Landwirthschaftliche Centraldarlehenskasse für Deutschland" is, as has been said, a joint-stock company

having its registered office at Neuwied on the Rhine. Its objects are:—(1) To carry on the business of banker and dealer in credit, more specifically with a view to balancing excess and want of funds in the societies affiliated to it; and (2) to buy agricultural requisites and to sell agricultural produce for the benefit of its societies. Only societies adopting Raiffeisen principles and admitted as members of the general union of rural co-operative societies in Germany having its headquarters at Neuwied and submitting to inspection by the central bank, and individuals nominated to serve on the committee of management or board of directors of the bank, are eligible as shareholders. The "Raiffeisen principles" just referred to are these:—

(1) Registration under the German co-operative law on the basis of the unlimited liability of members.

(2) The pursuit and promotion of the moral as well as material condition of members.

(3) The restriction of membership to the population of a determined area, limited in extent but large enough to promise the society sufficient support, a population ranging as a general rule from 800 to 2000 souls, in order that the same person may not be at the same time a member of more than one Raiffeisen society.

(4) Abstention from the levy of entrance fees, restriction of each member's holding to one share only, and limitation of dividend on capital to the rate of interest charged on loans.

(5) Non-remuneration of officers' services, except the "Rechner," *i.e.* the employee entrusted with the keeping of the books, and the receipt and payment of money.

(6) Accumulation of all surplus accruing in a common and indivisible fund.

The share capital was originally fixed at 250,000 M. In 1881 it was raised to 500,000 M., in 1892 to 5,000,000 M., and in 1900 to 10,000,000 M., at which figure as a maximum it now stands. Of such capital up to the close of last April 8,351,000 M. had been actually taken up by 3754 societies, and 8,302,000 M. had been paid up in cash. Each share is of the face value of 1000 M. It is issued to the applicant by name, and so entered in the share register. Shares may not be dealt in under any circumstances. But they may be transferred, subject to the approval of the board, by simple endorsement to persons or societies, provided that the transferee has discharged all his obligations to the bank. Every transfer is entered in the share register.

Shares are now without exception held by societies. In

earlier days directors and members of the committee of management were allowed to become shareholders in their own names. However, since a long time already private holdings have been discontinued. Under this arrangement, whatever gain there is resulting from the business benefits only the societies who are members; they alone receive dividends. For some time back shares have been fully paid up on allotment.

The management of the Central Bank is entrusted to three bodies, namely, the general meeting, the board of directors (*Aufsichtsrat*), and the committee of management (*Vorstand*).

- (1) *The General Meeting*.—Every shareholding society is entitled to be represented at the general meeting, and to vote according to its holding in shares, every share entitling to one vote. The vote is given on behalf of the society by the delegate appointed in the rules, or by his deputy, being properly accredited.

The ordinary annual meeting takes place within the first six months of every new financial year. A general meeting may also be called at any time by the *Vorstand*, the *Aufsichtsrat*, or on the requisition of societies representing collectively at least one-twentieth of the total share capital. The general meeting elects the directors (*Aufsichtsrat*), each to hold office for five years, and decides upon the employment of the surplus, the rate of dividend, and any alteration of the rules. The dividend must never exceed 4 per cent.

- (2) *The Aufsichtsrat* (Board of Directors).—This body is composed of an indefinite number of members divisible by three. Every district in which there is a branch bank elects two or more. The present number is thirty-six, of whom eight are returned at the rate of two each by the four districts of Kassel, Nuremberg, Posen, and Wiesbaden, twelve at the rate of three each by Breslau, Königsberg, Ludwigshafen, and Strassburg, and sixteen at the rate of four each by Berlin, Danzig, Erfurt, and Cologne. The directors are elected by the general meeting from among twice the number of candidates proposed by the several district unions. The *Aufsichtsrat* elects its own chairman and a first and second deputy chairman.

Every district has its own advisory board (*Beirat*) composed of all members proposed for election on the *Aufsichtsrat*, and some honorary representatives in addition, as well as the chairman of the district (*Bezirksverbandsdirektor*), who takes the chair, and his fellow-members on the local committee of management (*Vorstand*). Such *Beirat* repre-

sents the societies in the management of the business of the district. No meeting of the *Vorstand* may take place without the *Beirat* being first called to hear what business is to be discussed and to give its opinion, and after the conclusion of the meeting to receive the *Verbandsdirektor's* report upon what has been done.

In addition to its *Beirat* every district has its own *Verbandsausschuss* (sectional committee), which is composed of the managing directors of the subsections, or where there are none, of the representatives of societies of a certain district, of the members of the *Beirat*, and of the *Verbandsdirektor*, who acts as chairman.

(3) The *Vorstand* (committee of management) of the bank is composed of the director-general and the *Verbandsdirektoren*, that is, the managing directors of the branch banks. The director-general is nominated by the *Aufsichtsrat*, which also elects a first and second deputy to represent him. The *Aufsichtsrat* likewise elects the *Verbandsdirektor* after hearing the opinion of the *Vorstand* and the *Aufsichtsrat* of each district concerned. Except in so far as the conduct of the business of the bank is by the rules reserved to the *Aufsichtsrat* or to the general meeting, it is the *Vorstand* which conducts such business.

The employees of the bank are placed under the authority of the *Verbandsdirektoren*. Two or more in each district may be empowered to act as the director's attorneys.

The joint signatures of the *Verbandsdirektor* and an employee authorised to sign, or else of two such employees, make a document binding. In important cases the entire *Vorstand* sign.

### III. METHODS OF DOING BUSINESS.

The *Aufsichtsrat* decides in what form books and accounts are to be kept. It is a standing rule that all business involving risk is to be avoided.

The funds required for business are provided from the following sources:—

(1) The share capital; (2) deposits received, or else loans raised if possible for long terms; (3) commissions charged, and the margin of interest; (4) proceeds of the sale of goods; (5) bonds and debentures not made redeemable at the holder's pleasure.

Such funds are employed in the following ways:—(1) for advances in current account to the societies which are members; (2) for the same purposes to the several branch



banks; (3) as working capital in the sale and purchase business; (4) for discounting bills and advancing money on security in accordance with the principle laid down by the Prussian Central State Bank and the Imperial Bank; (5) for the purchase or repayment of mortgages and balance of purchase money due (this is not done at present); (6) for the acquisition of land and buildings for the use of the Central Bank; (7) for the purchase of bonds payable to bearer issued by the German Empire or any State of the German Federation, or by a public body, subject to the authority of either the Empire or such State, and paying a fixed rate of interest; (8) for management expenses and dividends on business done.

The resulting profits are dealt with in the following ways:—(1) twenty per cent. of the profits netted, and any balance remaining after payment of dividend are carried to reserve; (2) a dividend of not more than 4 per cent. on money actually paid up is allowed to shareholders. In addition to this, apart from the ordinary general dividend payable to societies on their purchases of goods, an extra dividend may be declared in any district by the committee of that district out of profits netted in the district. This is intended as an encouragement to the local trade in goods.

Business as between the bank and its shareholding societies is conducted exclusively by the branch banks in their several districts, and is regulated by a valuation for credit made by the *Verbandsdirektor* of the particular branch, on the ground of a return made by every society showing what is the collective property of its members after inquiry made by the cashier and the secretary of the local union, and their opinion taken. The return of property handed in by the society is required to show (a) in respect of countries in which a supplementary income-tax is levied, the number and names of members of such society paying such tax; (b) in other countries the number and names of members with a valuation of their several properties made by the managing committee of the society.

On the ground of such valuation and the supporting evidence, a limit of credit is determined which applies collectively to money and goods to be served out, and which in the first case (a) authorises the *Verbandsdirektor* (the managing director of the branch bank) to credit a society up to 10 per cent. of the property of its members declared in the supplementary income-tax assessment, and the Central Bank up to 15 per cent.; should further credit be asked, the decision rests with the *Aufsichtsrat*. In respect of societies valued as shown above under (b) the figures are severally

5 and 10 per cent., with discretion left to the *Aufsichtsrat* to go beyond.

Such valuation for credit has to be renewed every year. And for every 5,000 M. of credit claimed, a society is required to take up one share in the Central Bank.

The valuation for credit made is communicated to the society which it concerns, and on the ground of it such society is entitled to claim the credit assigned in one sum or in more, at once or at a later period. Every application for credit has to be signed by at least three members of the *Vorstand* of the society. Their signatures are examined before the advance is approved. Accordingly every society is asked to furnish to the branch bank a list of signatures of its office-holders. Under the law every change in the composition of the committee of the society has to be communicated to the proper law court, which advertises the change in the *Reichsanzeiger* (the "Gazette"), where officers of branch banks see it.

Societies sending in money to their branch bank are sent a receipt by return of post.

It will be seen that all business between the branch banks and their societies is carried on by current account. At the close of the financial year a statement showing the position of its own account is issued to each society, which is required to acknowledge it.

The margin allowed between interest on advances and deposits has been one-half per cent. since some years back, and the higher rate is charged only on real debit excess on balance, not on withdrawals.

It is likewise the branch bank which pays societies their dividends.

As between the Central Bank and its branches business is carried on in this way:—Should a branch bank require funds it telegraphs to the Central Bank, which at once assigns to it what funds are wanted at its banking account with the Prussian Central State Bank at Berlin. Excess cash held by the branches is in the same way paid into the Central State Bank to the credit of the Central Bank. The branch banks report every day to the Central Bank on the state of their own account (money and goods), and furnish vouchers and full information extracted from the ledgers once a month, advising the Central Bank at the same time of all changes which may have taken place in the credit valuations of societies or otherwise. This enables the Central Bank to exercise a constant control over the business of the branch banks. In addition the Central Bank at stated intervals sends a Commission to examine the books and accounts of the

branch banks. The Commission reports to the *Vorstand*, which in turn reports to the *Aufsichtsrat*, and that body in the last instance reports to the General Meeting.

Apart from local Raiffeisen Banks, the Central Bank of Neuwied does business only with district Central Banks known as *Landesgenossenschaftskassen*. Under the rules of the Central Bank, only Raiffeisen credit societies formed with unlimited liability are eligible as shareholders. However, there are a large number of co-operative societies constituted to carry on some particular business or other, in the main, the sale of agricultural produce such as corn, wine, tobacco, dairy produce, hops, &c. These are known as *Betriebsgenossenschaften*, and are for the most part formed by Raiffeisen societies. Since such organisation cannot under its rules become shareholders in the Central Bank, it would be left without any central credit institution whatever if provision were not otherwise made for such. Accordingly independent central organisations (*Landesgenossenschaftskassen*) have been created, one in each district, provided with a Central Branch Bank. The *Landesgenossenschaftskassen* are co-operative organisations with limited liability, the special object of which is to render financial help to the societies referred to, and to receive their surplus funds as interest-bearing deposits.

The *Landesgenossenschaftskassen* originally employed, so far as they are situated in Prussia, the Prussian Central State Bank as their central credit institution. With the single exception of the *Kasse* in Posen they have now, however, all transferred their business to the Central Bank of Neuwied.

The business which the Central Bank of Neuwied carries on with these *Landesgenossenschaftskassen* is done in virtue of a formal agreement concluded, within the limits of the credit allotted to each, which limits are periodically adjusted on the ground of information to be supplied fresh every year. The *Landesgenossenschaftskassen* are required to send in a statement of their accounts every month, showing the various balances owing to the Central Bank. In this way the Central Bank at Neuwied renders very valuable service to the most important business of the co-operative sale of agricultural produce and of co-operative production and the preparation of agricultural produce for the market.

In cases of insufficiency of its own resources, and equally so in cases of a plethora of funds, the Central Bank of Neuwied has the Prussian Central State Bank to fall back upon. That Bank was formed with 50,000,000 M. share capital provided by the State expressly for the purpose of

assisting in the promotion of agricultural co-operation. The Central Bank of Neuwied has a considerable credit at its disposal with this institution, partly on the strength of its paid-up share capital, and beyond this, more particularly in periods of tight money, on the security of bills of exchange handed in. Business between the two Central Banks is entirely regulated by the rules adopted by the Central State Bank.

#### IV. ANSWERS TO CRITICISMS.

The Raiffeisen Central Bank has been much both commended and criticised in various quarters. There are people who altogether approve of its system. There are others who find fault. The adverse critics as a rule object to what they call its over-centralisation, or else to the status which it has applied to itself of a joint-stock company. Now, as regards over-centralisation, it must be plain that in such a matter as the supply of personal credit to agricultural clients centralisation is absolutely indispensable, that only an institution can answer this particular purpose which carries centralisation of money business to a considerable length. So far as decentralisation is called for, for purposes of distribution, it is provided by the creation of the various branch banks which distribute the business all over Germany. The objection to the formation of the Central Bank as a joint-stock company has been partially answered already in the sketch given of its history. The form of a joint-stock company taken does not in the least interfere with the business or the spirit of the institution; both are thoroughly co-operative and free from any taint of capitalist cupidity. Attention is in this matter due to the following points:—(1) Only societies are allowed to be shareholders; (2) all dealing in shares is prohibited, thus speculative business in shares is rendered impossible; (3) the bank's business is restricted to equalising supply and demand of money and to dealing in goods; (4) no risky transactions of any kind are permitted; (5) all profits go only to pay a moderate dividend on capital and to strengthen the reserve fund; (6) dividend is restricted to 4 per cent., and goes only to the co-operative societies which are members.

Therefore, notwithstanding its capitalist form the Central Bank is in substance genuinely co-operative; its aim is not gain for a few, but benefit for all. Both Emperor William I. and Emperor William II. have recognised this when becoming donors, the former of 30,000 M., the latter of 20,000 M.; and the German Federal Council has in its sitting of 20th June

1901 explicitly pronounced the Bank an institution of public utility (*gemeinnützig*) and has on that ground exempted its shares from stamp duty. In addition, the following opinion may be quoted from the book "Das landwirthschaftliche Genossenschaftswesen in Deutschland," published in Vienna in 1899 by Dr Moritz Ertl and Dr Stephan Licht:—"The Central Bank is often reproached with being in form a joint-stock company. However, as an objection this is not just, since the joint-stock company is free from any suspicion of capitalist aim and object, and since, moreover, it was formed as a joint stock company at a time when the law did not permit the formation of such a bank as a co-operative organisation. There has not been the slightest abuse under this head."

In truth, the Central Bank has made very light of such objections as have from time to time been launched against it, and has, encouraged by repeated recognition of its merits coming from the quarters best entitled to respect, pursued a steady course on the lines laid down by its founder, Father Raiffeisen, as the proper ones for it to follow, for the benefit of German peasantry. The following table shows how its business has developed. May it continue to grow! and may the Bank continue to discharge its duties with the same success that has been granted to it in the past!

## V. SURVEY OF THE DEVELOPMENT OF THE BANK.

| Year. | Number of Local Banks. | Number of Shares taken up. | Money paid up on same in Marks. | Dividend per cent. | Rate of Interest.     |                       | Commission per cent. | Turnover in Marks. | Assets at end of Year in Marks. | Liabilities in Marks. | Profits in Marks. | Reserve Capital in Marks. |
|-------|------------------------|----------------------------|---------------------------------|--------------------|-----------------------|-----------------------|----------------------|--------------------|---------------------------------|-----------------------|-------------------|---------------------------|
|       |                        |                            |                                 |                    | On Deposits per cent. | On Advances per cent. |                      |                    |                                 |                       |                   |                           |
| 1876  | ...                    | 244                        | 24,400                          | ...                | 4½                    | 5½                    | +                    | ...                | ...                             | ...                   | ...               | 223                       |
| 1877  | ...                    | 248                        | 24,800                          | ...                | 4½                    | 5½                    | +                    | 522,905            | 158,496                         | 156,623               | 1,873             | 789                       |
| 1878  | ...                    | 258                        | 25,800                          | 5                  | 4½                    | 5½                    | +                    | 557,596            | 164,173                         | 161,589               | 2,584             | 1,934                     |
| 1879  | 53                     | 308                        | 30,800                          | 5                  | 4½                    | 5½                    | +                    | 1,124,677          | 312,972                         | 310,609               | 2,363             | 3,216                     |
| 1880  | 77                     | 398                        | 39,200                          | 5                  | 4½                    | 5½                    | +                    | 2,007,148          | 511,086                         | 507,186               | 3,910             | 5,928                     |
| 1881  | 85                     | 503                        | 50,300                          | 4½                 | 4½-4                  | 5½                    | +                    | 2,716,361          | 428,772                         | 421,080               | 5,712             | 10,803                    |
| 1882  | 91                     | 510                        | 51,000                          | 4                  | 4                     | 5                     | +                    | 2,842,678          | 686,672                         | 651,154               | 5,518             | 15,320                    |
| 1883  | 106                    | 515                        | 51,500                          | 4                  | 4                     | 5                     | +                    | 3,362,785          | 732,647                         | 726,170               | 6,477             | 52,449                    |
| 1884  | 120                    | 596                        | 59,600                          | 4                  | 4                     | 5                     | +                    | 3,189,297          | 874,990                         | 867,781               | 7,209             | 57,061                    |
| 1885  | 138                    | 686                        | 68,600                          | 4                  | 3½-3¾                 | 4½-4¾                 | +                    | 3,984,177          | 1,017,636                       | 1,008,712             | 8,924             | 64,823                    |
| 1886  | 148                    | 736                        | 77,350                          | 4                  | 3½                    | 4½                    | +                    | 3,967,915          | 1,077,735                       | 1,065,015             | 12,720            | 75,444                    |
| 1887  | 161                    | 800                        | 80,000                          | 4                  | 3½                    | 4½                    | +                    | 4,964,119          | 1,059,018                       | 1,042,174             | 16,844            | 90,146                    |
| 1888  | 183                    | 910                        | 91,000                          | 4                  | 3½                    | 4½                    | +                    | 7,671,067          | 1,444,537                       | 1,436,004             | 8,533             | 96,452                    |
| 1889  | 280                    | 1,000                      | 100,000                         | 3½                 | 3½                    | 4½                    | +                    | 9,912,812          | 2,065,136                       | 2,055,771             | 9,365             | 103,404                   |
| 1890  | 484                    | 1,000                      | 100,000                         | 3½                 | 3½                    | 4½                    | +                    | 11,978,867         | 2,978,383                       | 2,958,699             | 19,684            | 120,085                   |
| 1891  | 710                    | 1,000                      | 239,300                         | 3½                 | 3½                    | 4½                    | +                    | 15,764,495         | 4,668,980                       | 4,638,080             | 31,890            | 154,104                   |
| 1892  | 886                    | ?                          | 566,100                         | 3½                 | 3½                    | 4½                    | +                    | 21,636,711         | 5,408,467                       | 5,375,520             | 32,947            | 166,889                   |
| 1893  | 1,032                  | 1,073                      | 622,350                         | 3½                 | 3½                    | 4½                    | +                    | 27,862,315         | 6,627,299                       | 6,546,100             | 81,199            | 196,355                   |
| 1894  | 1,293                  | 2,105                      | 1,121,850                       | 3½                 | 3½-3¾                 | 4½-4¾                 | +                    | 63,158,871         | 15,581,472                      | 15,543,231            | 38,241            | 190,408                   |
| 1895  | 1,850                  | 2,676                      | 1,316,250                       | 3                  | 3½-3¾                 | 3½-4½                 | +                    | 134,279,124        | 17,844,191                      | 17,803,112            | 41,079            | 209,715                   |
| 1896  | 2,356                  | 3,837                      | 1,504,050                       | 3                  | 3½-3¾                 | 3½                    | +                    | 92,267,679         | 25,287,830                      | 25,228,445            | 59,385            | 215,156                   |
| 1897  | 2,679                  | 3,837                      | 1,715,800                       | 3                  | after 1/6, 3½         | 3½                    | +                    | 117,413,362        | 31,820,024                      | 31,773,197            | 46,827            | 229,937                   |
| 1898  | 2,872                  | 5,000                      | 2,035,450                       | 3                  | 3½                    | 3½-4½                 | +                    | 151,692,298        | 38,581,996                      | 38,466,836            | 115,160           | 259,322                   |
| 1899  | 3,023                  | 5,000                      | 4,920,050                       | 4                  | after 1/12, 3½        | after 1/9, 4½         | +                    | 178,000,000        | 41,181,989                      | 40,919,985            | 292,004           | 301,824                   |
| 1900  | 3,095                  | 5,337                      | 5,326,750                       | 4                  | after 1/9, 4          | 4½                    | +                    | 230,000,000        | 44,151,829                      | 43,926,689            | 225,140           | 358,538                   |
| 1901  | 3,160                  | 6,335                      | 6,329,700                       | 4                  | 4                     | 4½                    | +                    | 280,000,000        | 53,622,044                      | 53,373,063            | 248,961           | 420,763                   |
| 1902  | 3,461                  | 7,698                      | 7,672,000                       | 3½                 | up to 1/4, 3½         | up to 1/4, 4½         | +                    | 307,000,000        | 64,812,057                      | 64,571,309            | 240,748           | 480,970                   |
| 1903  | 3,675                  | 8,200                      | 8,175,000                       | 3                  | after 1/4, 3½         | after 1/4, 4          | +                    |                    |                                 |                       |                   |                           |

## V. THE WÜRTTEMBERG AGRICULTURAL CO-OPERATIVE CENTRAL BANK.

*According to information supplied by the Württemberg Department for  
Trade and Commerce.*

THE Württemberg Agricultural Co-operative Central Bank was formed in 1893 for the purpose of serving the agricultural village banks (of the Raiffeisen type) as a centre and a source of credit. The State paid 3,000 M. towards installation expenses, and subsequently granted various sums, which now figure in the Budget as 5,000 M. per annum, towards the accumulation of a reserve fund. It has also assigned to the Central Bank a credit of 1,000,000 M. (£50,000) at the Royal Court Bank, to be drawn upon at the rate of 3 per cent., subject to calling in at any time. To provide further resources the bank issues 100 M. shares (carrying liability for tenfold their value) to members, who must hold one and may hold up to ten. One-tenth of the share is payable upon joining, and it is provided that share capital is not to receive interest at a higher rate than 4 per cent. The Central Bank is its members' property, and administered by them in the ordinary way by the free election of a managing committee and a Board of Directors. However, the Government supervises its transactions by means of a Royal Commissary specially told off for such service. Nothing is said in the papers placed at our disposal of the manner in which credit is proportioned to cases. However, a return published shows what have thus far been the advantages obtained by co-operative banks by the credit made available for their benefit at the Royal Court Bank in the shape of steady, rarely fluctuating, rates of interest. Thus on deposits 3 per cent. has been allowed from 15th May 1894 to 31st December 1895, and since then up to 31st March 1900,  $3\frac{1}{2}$  per cent. On advances interest is charged at 4 or  $4\frac{1}{2}$  per cent. Accordingly, as a rule, there is 1 to  $1\frac{1}{2}$  per cent. margin left, though for brief periods it has been severally  $\frac{3}{4}$  and  $\frac{1}{2}$  per cent. This advantage is said to be attributable to the State credit.

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## VI. THE CENTRAL BANK OF POLISH CO-OPERATIVE SOCIETIES IN PRUSSIA— “BANK ZWIAZKU SPÓLEK ZAROBKOWYCH.”

By Dr KUSZTELAN, *Director of the Bank.*

THE Union of Polish Co-operative Societies of Prussia, being for the most part credit societies, was formally constituted in 1871. In the same year the suggestion was put forward that these societies ought to have a Central Bank of their own, to provide them on cheap terms with the necessary credit, and to take charge of their surplus deposits at a rate of interest sufficient to safeguard them against loss on this particular account. As the number of co-operative societies increased from year to year, the question of a Central Bank became more and more urgent. For the co-operative credit movement could not be expected to secure the public confidence necessary for its development and success unless it could make absolutely sure of being always ready to lend money at any time at a low, and to receive deposits at a comparatively high, rate of interest. To be able to do this, it must have its own independent source of supply and central receptacle for money to depend upon. For an essential condition of success must be that money should be available for loans, and coffers open for the receipt of deposits at a rate of interest not fluctuating with the market, but steady for a long time together. Ordinary financial institutions obviously must be dependent upon the market and the ever-varying discount rates of the Imperial Bank of Berlin, which would not suit the clients of co-operative banks. This circumstance in some measure accounts for the unwillingness of ordinary business banks at that time to give credit to co-operative banks. But it will also have to be borne in mind that the whole movement was at that period still so new, and its security was so little understood, that ordinary business banks might be excused for failing to appreciate it. Under such circumstances co-operative credit banks were in those early days of isolation often reduced to the necessity of either giving credit or else taking deposits only subject to their having, in the one case, adequate deposits on hand to warrant their advancing money without risk to themselves; or, in the other, sufficient advances applied for to provide remunerative investment for incoming deposits. Such a state of things could not possibly last. It was generally felt that the co-operative banks must



have a financial centre of their own, in which the movement of their cash could be balanced and regulated. All success depended upon this. Such conclusion was the more readily adopted, as the German co-operative credit societies, being societies of precisely the same character as the Polish, which were indeed formed on their model, had some time before provided themselves with something resembling a Central Bank, and were faring well in consequence.

It might be this precedent which suggested at first that the joint-stock bank, *Bank Wioscianski*, of Posen—a bank formed in 1872 at the suggestion of the co-operative societies to supply small cultivators with credit in a rather different way—should be turned to account for focussing purposes, just as the Bank of Messrs Sörgel, Parrisius, & Co. had been utilised by the Schulze-Delitzsch co-operative banks. It soon appeared, however, that such idea was not well capable of execution, since the *Bank Wioscianski* had above all things the interests of its shareholders to consider, and could not accordingly be expected to go quite far enough towards meeting the requirements of the co-operative banks.

However, at the annual congress of the co-operative societies held at Posen in 1872, a resolution was passed instructing the Central Board of the newly formed Union to consider the matter in conjunction with the President (the two were distinct authorities), and to initiate whatever steps might be found called for, for the creation of a Central Bank.

The difficulties in the way of proceeding upon this resolution proved considerable, and it was not till thirteen years after, in 1885, that the idea was really carried into execution. In that year, at the annual congress held at Culm, the President of the Union submitted rules for a Central Bank, to be created with the help of funds to be subscribed by the societies. The rules were at once adopted with only trifling alterations, and a resolution to proceed upon the proposal submitted by the President was readily carried. The name selected for the Central Bank was that which it still bears—*Bank Związku Spółek Zarobkowych*, that is, “Bank of the Union of Co-operative Societies.”

The proposal was to raise a share capital of 500,000 M. (£25,000). However, under the new Companies Law just come into force in Germany, such proceeding proved difficult, and it was decided to fix the share capital provisionally at the lowest possible figure, that is, at only 40,000 M. (£2,000). Such infinitesimal capital was of course soon found totally inadequate for the purposes kept in view, and in 1888 it was very properly raised to the figure originally suggested, viz.,

500,000 M. In 1895, when calls upon the bank had greatly increased, owing to the extension of the co-operative movement, it was once more decided to increase the capital, raising it to a full million (£50,000). That was carried into effect in 1898. And now it is proposed to double it once more by raising a further 1,000,000 M. (£50,000).

The money required has been subscribed in the main by co-operative societies, but with the assistance of some individual shareholders. At the present time, of 1,000,000 M. share capital as much as 721,000 M., that is, nearly three-fourths of the whole, is held by 118 co-operative societies, namely, 85 in the province of Posen, 28 in the province of Western Prussia, and 5 in the province of Silesia.

The first Board of Directors was formed by selections made from the Central Board of the Union, the elected being gentlemen representing the largest co-operative societies in the Union. And three of the directors, so it was provided in the rules, should always be nominated by the annual congress of the Union. Dr Kusztelan, who is still at the head of the bank, and who was then chairman of the Central Board of the Polish Union, was appointed managing director. It was provided that there should be a "curator" of the bank, as well, to watch over the interests of societies in their dealings with the bank, to act as umpire in the event of differences, and to advise the bank, whenever necessary, on the financial position of societies requiring credit. That office, so it was for obvious reasons decided, should always be filled *ex officio* by the President of the Union, who alone seemed likely to be able to fulfil all its requirements.

The bank upon its formation undertook, in accordance with the resolution of the congress, to take deposits at call from co-operative societies at 4 per cent. interest, and to provide societies with advances or discounts at  $4\frac{1}{2}$  to 5 per cent., according to circumstances, which left it only about  $\frac{1}{2}$  per cent. to work with, which is little enough. At that time other financial institutions took deposits at 4 per cent. only at three months' notice.

The task set to the bank was therefore not altogether an easy one. It began business in March 1886. Its directors soon found that if they were to accomplish what they had undertaken, they must, in the first instance, proceed with extreme economy, and in the second, they could not, if their institution were to remain solvent, in view of the smallness of the margin allowed, limit their transactions to the scarcely profitable dealings with co-operative societies only, but must launch out into operations in the outside market as well, so

as to earn profits sufficient to enable them to deal on the preferential terms desired with their own proper constituents. The economy practised was, indeed, at the time very great. During the first three years the managing director and his assistants had to work altogether for nothing, the staff likewise contenting themselves with purely nominal salaries, and the directors being allowed travelling expenses only at a rate which did not cover outlay. As regards non-co-operative business, the Board soon found itself in a position to undertake such, and, thanks to the profits coming in from this source, the bank has always been able to satisfy co-operative societies on the terms settled.

The Central Bank, after opening its doors, found its services largely in request, and on the very first year's transactions it was enabled to pay its shareholders 5 per cent. dividend. In the following year the dividend rose to 6 per cent., and at that figure it has been maintained ever since. The business would, indeed, have warranted even higher dividends, but the directors considered it prudent to carry money liberally to reserve.

The doubling of the share capital in 1898 necessitated a change in the constitution of the Bank. The societies, taking over the main portion of the share capital, insisted upon a larger representation on the Board. Up to 1898 the voting power of any one shareholder was limited, whatever his holding, to twenty votes as a maximum. It was now agreed that there should be a vote to every 200 M. (£10) share capital, and that there should be no maximum. The money was subscribed in full in 1900.

The following figures will show how the bank has thriven :—

| Year. | Reserve Funds. | Deposits from Co-operative Societies and others. | Money Outstanding secured by Bills of Exchange, Promissory Notes, Securities, and Current Account. | Securities Held. | Interest Received. | Management Expenses. | Dividend Declared. |
|-------|----------------|--|--|------------------|--------------------|----------------------|--------------------|
|       | Marks.         | Marks.   | Marks.   | Marks.           | Marks.             | Marks.               | %.                 |
| 1886  | 557            | 92,607   | 262,674  | 39,910           | 12,269             | 1,687                | 5                  |
| 1887  | 2,030          | 312,104  | 439,209  | 119,153          | 25,972             | 4,392                | 6                  |
| 1888  | 8,119          | 893,429  | 1,143,867  | 184,658          | 67,514             | 6,635                | 6                  |
| 1889  | 23,552         | 1,823,015  | 2,303,185  | 734,971          | 142,571            | 13,282               | 6                  |
| 1890  | 33,243         | 2,321,036  | 3,204,660  | 1,195,834        | 213,640            | 19,105               | 6                  |
| 1891  | 50,080         | 1,918,066  | 3,392,849  | 1,005,789        | 237,219            | 20,649               | 6                  |
| 1892  | 60,300         | 1,652,941  | 3,438,950  | 605,530          | 207,142            | 23,112               | 6                  |
| 1893  | 73,685         | 1,907,875  | 3,502,580  | 778,973          | 206,080            | 25,603               | 6                  |
| 1894  | 101,365        | 2,681,112  | 3,907,241  | 1,020,772        | 216,769            | 27,254               | 6                  |
| 1895  | 144,291        | 3,145,974  | 4,971,895  | 1,066,430        | 258,162            | 28,635               | 6                  |
| 1896  | 154,175        | 3,358,186  | 4,065,695  | 1,707,276        | 314,080            | 31,248               | 6                  |
| 1897  | 162,496        | 3,935,365  | 4,330,169  | 1,983,513        | 329,641            | 32,334               | 6                  |
| 1898  | 172,436        | 5,010,710  | 4,996,205  | 2,163,021        | 377,158            | 34,013               | 6                  |
| 1899  | 216,542        | 6,114,230  | 6,126,814  | 2,664,015        | 565,568            | 39,979               | 6                  |
| 1900  | 221,463        | 5,248,204  | 5,267,463  | 2,792,261        | 538,901            | 44,944               | 6                  |
| 1901  | 262,712        | 5,650,021  | 6,227,717  | 3,088,115        | 509,181            | 47,429               | 6                  |
| 1902  | 298,584        | 8,666,776  | 7,099,937  | 3,244,090        | 587,414            | 51,874               | 6                  |
| 1903  | 348,742        | 10,659,581                                       | 9,336,490  | 3,273,324        | 828,625            | 61,412               | 6                  |

The rates at which co-operative societies are dealt with continue highly favourable. Such societies are paid a full 4 per cent. interest on deposits at call, and as much as  $4\frac{1}{10}$  to  $4\frac{1}{2}$  per cent. for longer periods. Up to the limit of their holding in shares in the Bank they receive advances at all times at  $4\frac{1}{2}$  per cent., interest being paid every 31st December. Such societies as belong to the Union are, moreover, entitled to claim, at any time, credit to the extent of one-third of their assets in share capital and reserve funds, at a rate varying between  $4\frac{1}{2}$  and 5 per cent., according to the amount of their holding in the Bank. Co-operative societies not forming part of the Union are supplied with loan money at a varying rate of interest, which must not be below 5 per cent., and not more than 1 per cent. above Imperial Bank rate. Societies belonging to the Union may obtain credit even beyond the limit stated if they can satisfy the managing director that their financial position justifies such credit. He is allowed a certain discretion in this respect.

The Bank has furthermore a special fund set apart, which originally stood at 100,000 M., but has been recently raised to 200,000 M. (£10,000), from which to allow special advances, at the discretion of the Board, to newly-formed societies

which have difficulties in making their way, but are otherwise considered sound and promising, at  $4\frac{1}{2}$  per cent. interest. This fund, which has rendered good service, is likely to be further increased.

## VII. THE *GENOSSENSCHAFTSCENTRALCASSE* OF LOWER AUSTRIA.

*From information kindly given by the Landesausschuss.*

THE Central Co-operative Bank of Lower Austria was formed in 1898 with a view to focussing agricultural credit in the said Archduchy. The Diet endowed it with a grant of 200,000 K., and in addition the *Colloredo Mansfeld Fonds*, amounting at present to 264,166 K., was placed at its disposal for the purpose of granting loans to co-operative agricultural societies at 2 per cent. interest. The endowment by the Diet having dwindled to 54,294 K. by reason of a heavy loss caused by the *Nieder-Österreichisches Winzerhaus* (in consideration of which a fresh grant of 5,000 K. has been recently voted by the Diet), the *Colloredo Mansfeld Fonds* now figures as the Central Bank's chief creditor. However, it has been proposed to place 2,000,000 K. at the Central Bank's disposal by the Diet, to be repaid by annual instalments of 10,000 K., provided that the Imperial Government will advance a similar amount.

The Central Bank is intended for the use of co-operative societies of all descriptions connected with agriculture, not banks only. All societies which become members are entitled to deposit with the Central Bank, and to claim credits from it. Societies joining are required to pay 2 K. entrance fee, and to take up in addition one share of 10 K. in respect of every 25 members in their society, and should their credits exceed 2,000 K. per member, one more share in respect of every 4,000 K. borrowed.

The shareholders govern the Bank in the ordinary way—by means of an elected Committee of Management of 13, and a Council of Control composed of at least 6 members. However, the Mortgage Bank of the Archduchy, by arrangement, acts as cashier to the Central Bank, receiving and paying out the money, and in addition keeps the accounts. The Mortgage Bank is, like the Central Bank, considered an institution of public utility, for which reason the Post Office

Savings Bank is authorised to keep a current account with it, which places Savings Bank money at its disposal, and through it indirectly at the disposal of the Central Bank. The Mortgage Bank takes over all the Central Bank's deposits (about £640,000 at the present time) and allows 4 per cent. upon them, which interest is credited without diminution to the depositor. The Central Bank, on the other hand, charges  $4\frac{1}{4}$  per cent. on advances, which leaves it  $\frac{1}{4}$  per cent. margin.

Credits are granted according to peculiar rules laid down. In dealing with its various customers (societies only) the Central Bank at first fixes, by estimate formed on the ground of careful inquiry, the figures up to which each one of them may be trusted with credit. Societies based upon unlimited liability are grouped in seven distinct classes. And the maximum credit allowed in each is fixed severally at 100, 150, 200, 250, 300, 350, and 400 K. per member. By multiplying each particular figure with the number of members, the sum up to which the society may be credited is easily found.

Societies based upon limited liability are dealt with in the following manner. (a.) Credit is given, without further security, to the extent of one half of the value of buildings and plant, subject to 5 per cent. annual repayment. (b.) Furthermore up to half the amount of unpledged liability due from members to their society. (c.) Furthermore to the full extent of any claims standing to the credit of the borrowing society in its account with the Government, or the Archduchy, and to the extent of half the other book debts due to it. (d.) Finally to the extent of half the value of stock in possession of the society, consisting of agricultural produce stored for sale or other legitimate goods.

In cases in which the Committee may consider such course to be warranted, it has authority to increase the credit allowable on the security of members' liability (b) and of other claims (c) by 50 per cent.

To keep the Central Bank informed on the various points entering into its calculation of credit allowable, societies are required to keep it advised of all changes in membership, and also to report at least once every month, producing vouchers, what are its assets in buildings and plant, in claims against members or others, and in stocks of goods.

Five central societies or unions—the union of co-operative dairies, two unions of agricultural societies severally in Austria generally and in Lower Austria, of vinegrowers' societies, and of co-operative weavers' societies (in forest

districts, weaving being a cottage industry)—are specially assessed according to their several claims as estimated by the Committee of the Central Bank with the approval of the Committee of Control.

For further security the Central Bank appoints to each society to which it accords a credit, a delegate of its own, to act as an honorary committee man, with access by right to all the sittings held, and power to advise. It also requires to be kept continually advised of the society's doings. And in the last place it insists upon a formal engagement given to it by the society, not to pledge its credit in any other quarter. Apart from this the societies are bound to deal with the Lower Austrian Mortgage Bank only, in the event of their requiring any credit on real security.

The latest annual balance-sheet issued by the Central Bank (1st May) shows that on 31st December last it had 523 agricultural banks, 86 other local societies, 4 central unions, and 37 individuals for members—650 in all, who had among them taken up 4,841 shares, corresponding to 48,410 K. in value. Under Austrian law that amount involves liability to the extent of 968,200 K. The amount owing to customers on current account was 15,922,019 K., plus 719,428 K. reserve funds belonging to those societies and in custody with the Central Bank. Against this the Central Bank held 8,125,241 K. in claims for outstanding debts, 8,682,081 K. deposits in the Mortgage Banks (in current account), and finally its own reserve of 49,528 K. The balance shows 14,974 K. in its favour, or including money carried over from 1902, 19,909 K.

## VIII. THE *GENOSSENSCHAFTSCENTRALE* OF UPPER AUSTRIA.

*According to information supplied by the Landesausschuss.*

THE "Oberösterreichische Genossenschaftscentrale" was formed in 1900, because the need of a central institution had been clearly shown, as a means not merely of equalising abundance and deficiency in distinct local banks, but also of providing an absolutely safe receptacle for local surpluses and exercising a healthy control over the whole network of co-operative credit institutions in the Archduchy. Borrowing had been previously going on as between bank and bank. In 1898 as much as 440,000 K. was employed in this way. However, there was no sufficient means of ascertaining the

degree of solvency of any particular bank, and a plausible suggestion was made to the effect that there had been unsafe lending. The Central Bank possesses means of appraising security. It requires the necessary proofs from its possible borrower, and it binds the latter to borrow nowhere else. Its safe custody of local bank money is appreciated as a great boon. It employs the Upper Austrian Mortgage Bank as its cashier, depositing its funds and withdrawing them as occasion requires. Collective deposits have grown apace in the agricultural banks—from 2,635,247 K. in 1900 to 6,503,058 K. in 1902; whereas on the other hand the demand for credits stood in the same two years severally at only 351,947 K. and 732,717 K. Accordingly, the Central Bank, which has very little capital of its own, is more of a depositing customer to the Mortgage Bank than a money-claiming one. The Mortgage Bank has bound itself to keep not less than 1,000,000 K. and not more than 2,000,000 K. perpetually "liquid," at the disposal of the Central Bank. The Central Bank allows  $3\frac{1}{2}$  per cent. on deposits and charges 4 per cent. on credits. The principles upon which credits are granted to societies organised severally with unlimited (all agricultural banks to be dealt with are required to have such) and limited liability are very similar to those observed by the Central Bank of Lower Austria. One advantage that the Central Bank ensures to borrowers is very much appreciated, namely, a steady, unfluctuating rate of interest. Since its foundation the Central Bank has been subsidised by the Diet to the extent of 5,000 K. a year. A proposal has, however, been submitted in favour of larger funds being made available for it both by the State and by the Diet for working capital, with further power of drawing upon the same sources to supply a reserve for working purposes.

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## IX. REGIONAL BANKS IN FRANCE.

A PAPER on the Regional Banks of France kindly promised by Count de Vogüé has, unfortunately, remained undelivered. The following facts concerning such banks may be of interest:—

Under the law of 31st March 1899 the Bank of France has made an advance of 40,000,000 francs, free of interest, to the Government, to run for the same term as its own renewed charter, and to serve as an endowment for regional banks. That advance will have to be repaid. In addition,



the Bank of France is under covenant to pay annually out of its profits a sum to be ascertained by the multiplication of the figure of its productive circulation with one-eighth of the current discount rate. Such sum must not in any year fall short of 2,000,000 francs, and has, as a matter of fact, as M. Codet and other deputies have shown, thus far regularly exceeded 4,000,000 francs, the total payments made up, presumably, to the close of 1903 having been ascertained as 22,499,965.99 francs, so that in all 62,499,965.99 francs has been paid over, of which only 7,422,985 francs is accounted for as employed in advances to regional banks.

Out of this money the Minister of Agriculture is authorised, on the recommendation of a *Commission de répartition*, the sittings of which appear to have been very irregular, but which, the Minister has promised, as M. E. Burelle, President of the Regional Bank of Lyons, has stated at the Congress of Arras, shall in future meet once every three months, to make advances at his discretion to regional banks, of which there are at present between fifty and sixty in France, each acting in its own distinct "region" or district. The money is advanced to the regional bank free of interest, for fixed periods, ordinarily five years, and a law of 1900 authorises the Minister to advance to the extent of four times the share capital of each particular bank. The regional banks are self-governing, creating their original capital by an issue of shares, but are inspected by the State.

The State advances are to enable the regional banks to make adequate advances to local banks according to their requirements. M. Burelle explains that without such advances the regional banks would find themselves in a precarious position, in view of tight money or a possible crisis. The law authorises them to take deposits up to three-fourths of the amount of their claims against borrowers (their *portefeuille*), and deposits are in ordinary times not difficult to obtain. However, the regional banks have to take them at call, for which they allow  $1\frac{1}{2}$  per cent.; because to take them for fixed periods, probably at  $2\frac{1}{2}$  per cent., would make the money too dear; and as most of the acceptances discounted run, not for ninety days, like commercial paper, which the Bank of France is willing to discount, but for six or nine months or longer still, in case of a run, the Bank would find itself without readily realisable assets.

Regional banks, as M. Burelle shows, deal out their money for the benefit of local banks in three several ways: (1) They discount acceptances; (2) they make specific advances to provide working capital; and (3) they act as bankers for

local societies, paying their accounts owing to purveyors of goods.

Complaints are general throughout France of the arbitrary manner in which advances are granted, and of the length of time which is often allowed to elapse before the money is actually handed over by the Minister to regional banks. Count de Vogüé, in a paper on the subject read before the Congress of Agricultural Syndicates of France held at Arras last June, put it, amid general cheers, that "that gift of the gods, the friendship of a great man, has ensured to some of these banks without trouble three and four times their proper share of the governmental manna." A statistical table, prepared by a deputy, M. Ruau, for his "Report (in Parliament) upon the Budget of Agriculture 1904," which Count de Vogüé in his Congress paper quotes as an authority, shows a remarkable disproportion in the distribution of Government advances, as compared with share capital and business. Thus the regional banks of Aix, Meaux, Longwy, Angoulême, Nancy, Gray, Châteauroux, Tours, Nîmes, Angers, and Gisors are debited with advances collectively of 1,881,949 francs, mounting up in the case of Meaux to 688,212 francs, without any entry whatever in the column of share capital. Count de Vogüé states, just as does also M. Durand, that there are regional banks which have received State advances *before* they were actually in a condition to work. On the other hand, very deserving banks have been kept waiting for months and years.

Another defect in the arrangement actually in force, instanced by Count de Vogüé, is this, that some regional banks reserve their favours entirely for local banks of one particular description. That may be fair, so he argues; however, in that case there should be power for banks of other descriptions to form a branch of their own in the same district, to be recognised and allowed the same benefits under the law by the Government as the others. M. Burelle pleads for advances to be regulated according to the business done.

Count de Vogüé in his Congress paper quoted, offers among others, the following observations:—

"The special and unusual form under which this State intervention is practised, that is, by means of advances made free of interest from the funds contributed by the Bank of France, is not one which one could unreservedly commend. Instead of making State aid a mere temporary assistance, it constitutes the State a *commanditaire* of a peculiar—and undesirable—kind. Advancing money free of interest, it endangers the future of credit by falsifying the idea on which

credit is based. The ease with which it provides funds for local banks is bound to suggest reckless formation of such organisations without proper guarantees, without that personal effort which is the main condition of progress. . . . We should accustom co-operative banks to pay, and to exact, for money, from the very outset the exact price that money is worth, in order to spare them a mournful awakening after the beguiling dreams of their first year. Cheap money is dangerous; its necessary result must be a diminution of effort and of the provision of safeguards."

The table prepared by M. Ruau for the Budget debates gives the results, so far as they have been ascertained, for the year 1903, in respect of 40 regional banks. Their collective share capital is returned as 2,621,501 francs, the money obtained in advances from the State as 8,533,456 francs, the reserve fund accumulated as 140,577 francs. There were 608 local banks affiliated to the 40 regional banks in proportions varying from 1 to 80. Business has been actually done with 394. There have been 11,459 acceptances discounted to the total value of 11,222,330 francs, and 934 specific advances made, to the aggregate amount of 1,991,036 francs. The total business done is returned at 14,369,778 francs. Repayments figure at 2,732,098 francs, and renewals at 917,224 francs.

*Postscript.*—After a pause of nearly two years the official annual report on "Agricultural Credit" has been published in the *Journal Officiel* of 22nd October 1904. It shows that on 31st December 1903 the number of "regional banks" (not counting one which had not yet begun to work) was forty-one; that their aggregate share capital was 3,419,225 francs, with 3,066,035 francs paid up; that they had received 3,737,396 francs in advances from the State and done business with the local banks affiliated (whose number was 616) to the extent of 16,994,011 francs, of which sum 2,211,962 francs was furnished in the shape of advances, and 14,782,000 francs in that of discounts. In 1904, from 1st January to 15th July, so it is added, 5,045,760 francs was paid out in advances from the State, and the business done by the regional banks rose to 10,400,000 francs in the half-year. The management expenses have been trifling, owing to the voluntary work freely given, viz., in 1903 only 46,879 francs, which corresponds to '33 per cent. of the business. The weak point in the business, so it is pointed out, is the very slow accumulation of reserve. The collective reserve funds stood on 31st December 1903 at only 195,513 francs. The cause is shown to be, that a number of regional banks, relying upon free

State advances, lend out their money much under market rate. The rate of interest charged by them to local banks varies from 1 to 4 per cent. One very important regional bank, so it is shown, which has received a large amount of State advances, lending out its money at 2 per cent., is bound to lose 1 per cent. when passing on its paper for rediscount to the Bank of France. Its reserve remains at only 30,000 francs. Other banks lose  $1\frac{1}{2}$  to 2 per cent. in the same way. All these banks, accordingly, net so much the less the more business they do, and their reserve funds remain infinitesimal. Another weak point, according to the report, is, that some regional banks lend out to local banks more than they should. Seven regional banks, so it is stated, in 1903 lent out to their affiliated banks 1,655,803 francs. All this, so it is pointed out, is as contrary to the spirit of the law as it is to sound business practice. What would become of such banks, so it is asked, if some day the State advances were to cease? And it is suggested that the regional banks should be induced to adopt business principles by being told that the State advances must be looked upon as merely temporary, and may come to an end after a time.

The local agricultural banks affiliated, numbering 616 on 31st December 1903, at that date had 28,204 members, not a few of whom were agricultural syndicates and productive societies, mainly co-operative dairies. Their subscribed share capital stood at 2,255,670 francs, their paid-up capital at 1,466,806 francs. The advances made by them reached the figure of 22,451,167 francs; they advance money at rates varying from  $2\frac{1}{2}$  to 4 per cent., only very rarely at as much as 5 per cent. As in the case of regional banks, it is complained that they pay too little attention to the accumulation of reserve funds, which collectively stood on 31st December 1903 at only 149,815 francs.

The following table shows the progress of State regulated agricultural credit in France:—

| Year. | Number of<br>Regional Banks. | Number      Membership      Advance Business |        |                     |
|-------|------------------------------|--|--------|---------------------|
|       |                              | Of Local Banks.                              |        |                     |
| 1901  | 21                           | 309  | 7,998  | France<br>5,170,045 |
| 1902  | 37                           | 456  | 22,476 | 14,302,651          |
| 1903  | 41                           | 616  | 28,204 | 22,451,167          |
| ...   | ...                          | ...  | ...    | 41,923,863          |

## X. REGIONAL BANKS AND STATE HELP IN FRANCE.

By M. LOUIS DURAND, *Chairman of the French Union of Agricultural and Artisan's Banks.*

THE organisers of the Budapest Congress have paid me the compliment of asking me to contribute a paper on Central Banks, and on grants or advances made in support of such banks from public funds. The question of State intervention in support of co-operative societies in general is a large one. I myself am altogether opposed to State aid. However, within the space at my disposal, I cannot enter into that; I shall have to confine myself to the consideration of the question of public assistance given specifically to central or regional banks. That question, in contrast with the other, is simple enough. Therefore I wish it to be understood that what I say applies purely to central and regional banks, and among such only to those formed for the service of agricultural credit societies of the Raiffeisen type.

I need not now explain at length what a credit society of the Raiffeisen type is; that is pretty generally understood. The essential feature of such society is, that it is an organisation of borrowers settled within the same locality, personally well known to one another, and therefore in a position to judge of one another's solvency and honesty, and pledging themselves conjointly for the money borrowed by the society as a whole to satisfy the wants of its several members. A village bank so formed is acquainted with all its borrowers, and, having their common liability for its foundation, it necessarily acts with extreme caution and very carefully avoids any risky business. The common liability of its members, I should wish to point out, means a very substantial pledge; for all are cultivators possessing live-stock and implements, crops, land, and so on, and, after all, what they jointly borrow represents only a small fraction of the value of their entire property. This is shown by statistics collected in various countries. In France, an inquiry made in one department, which has fifty-two credit societies of the type referred to within its borders, has shown that the real property of the members represents about eighty times the value of the liabilities actually incurred. However, over and above this, it will be understood that peasantry of this sort are not likely to stake their little all upon risky business, and accordingly a Raiffeisen society may be taken to be

absolutely safe. I do not stop to explain what excellent security the members hold as against the bank. My business is to show that the bank, as a whole, when borrowing money from capitalists, or any other persons outside itself, affords collectively security of the highest value which could not be improved by a State guarantee. Under such conditions it is evident that a village bank, officered by honourable men, respected in their locality and qualified to make people understand the *modus operandi* and the merits of the society, will at all times be able to obtain all the money which itself may require.

It is altogether a mistake to suppose, as is often done, that money is scarce in country districts and that agriculture must needs go to towns for its cash. There is plenty of money in all country districts, without exception; only it is hidden timidly away, or else carried into a town to earn there more remunerative interest than is generally available for it in the country. Wherever a village bank is formed on sound lines and well directed, it finds all the money which it requires on the spot. I may go so far as to add, from experience, that with equal security a village bank is in a position to attract very much more money than a working-men's bank in a town. That is easily explained. The working men in towns are less well known to their neighbours than are the peasantry in their villages; and also the working-men's bank has the large business banks near it to compete with in the taking of deposits.

Now nobody will be disposed to question the great value to a credit society, whether it be co-operative or not, of adequate resources at its own command, without any appeal to other credit institutions or to private benefactors; that is one of the peculiar strong points of rural credit societies. That will naturally make you ask: if you have got sufficient money at your command, where does the advantage of having a central or regional bank to go to come in, which is to supply local societies with funds?

There are distinct advantages, all the same, and very substantial ones. Nobody understood this better than Raiffeisen himself and the men who have worked in his movement after him. In the first place, a rural credit society has not at every moment sufficient employment for all the money that comes into its till. Suppose that large amounts come in all at the same time, owing to several borrowers repaying considerable advances at once. The bank finds itself overburdened. A central bank will relieve it by taking its excess and finding employment for it elsewhere. Say

that a society has business fluctuating between 80 and 100. It will take deposits up to 90. Then, should its actual business go down to 80, it will have the excess 10 to pay into the central bank, which will hand it over to other societies requiring it. Should its business rise to 100, it will in the same way borrow the missing 10 from the central bank, which holds the overplus of other societies. By such means the central bank may effectively reduce the quantity of unproductive cash balances and equalise conditions. This is an important consideration to bear in mind, more in particular with regard to credit societies which have "seasonal" requirements to satisfy. In some countries the want of credit becomes apparent everywhere at the same time. Thus in the Alpine districts the villagers, who every spring send cattle up on their Alpine pastures to fatten over summer, require money in large quantities in spring for the purchase of their stock. In such places it is not unusual to find a local credit society lending out 100,000 to 150,000 francs to its members. All this money comes back in a lump in the autumn, to remain idle—but for the central bank—over winter. To keep that money idle half the year, costing interest and earning none, must mean charging the borrowers exorbitant interest during the time that they do want the money. However, in the plains the money is required at other times, even for agricultural purposes, namely, for the purchase of seed or of fertilisers. Thus, wherever there is a central bank, the money may be taken from one district to the other, as it may be wanted, and remain always usefully employed.

Fortunately such "seasonal" requirements as that spoken of do not occur very frequently, because they present special difficulties. Generally speaking, local agricultural credit societies raise from central banks only comparatively trifling sums—sums required for some temporary excess employment—and the question of favourable or unfavourable terms therefore scarcely arises. Suppose that, as it has been put, a society's business fluctuates between 80 and 100. Say that, as is usual in France, it can borrow at 3 per cent. and relend at 4 per cent. If it has no central bank to draw upon, it will borrow 100 at 3 per cent. (locally), and in this manner pay what I will call 3. It will lend from 80 to 100, say 90, at 4 per cent., which is equal to 3·6. Thus it will have ·6 as overplus to pay management expenses and swell the reserve fund. If it has a central bank to go to, and that bank, as we will assume, allows it favourable terms—that is, charges  $3\frac{1}{2}$  per cent. on advances, and pays  $2\frac{1}{2}$  per cent. on

deposits—it will still have, as in the other case, 3·6 coming in from its own borrowers, and pay only 2·7 (90 at 3 per cent.) to its local depositors. During half the year, however, when its business stands at 100, it will pay  $3\frac{1}{2}$  per cent. on the excess 10 to the central bank, receiving in return  $2\frac{1}{2}$  per cent. for 10, when this is deposited to its credit. So it will pay ·05 more, that is the difference between ·35 and ·25, but for half a year only, which ·05 increases the original 2·70 to 2·75. Thus in all the society will receive 3·6 and pay 2·75. Supposing that it allows itself 1 per cent. margin on its transactions, the central bank will have by such means secured it an additional balance of  $\frac{1}{4}$  per cent. on its business. That is a nice addition to its profits, to say nothing of the convenience secured by the arrangement. The central bank, on the other hand, will, out of the margin allowed, be able to cover its management expenses and accumulate a reserve fund without difficulty.

That is where central banks really show themselves most useful. They act as regularisers of credit. They receive the overplus of one local society to hand it over to another requiring cash. The central bank, be it observed, is dependent for its money upon the local banks; and should it at any time find itself short of cash, it has an easy remedy ready to hand. All that it has to do is to send round a notice to the local banks asking for deposits. We are exceedingly chary of such requisitioning in France. For experience has shown that, as a rule, only two days after the issue of such notice the central bank is constrained to haul down its signals, finding itself embarrassed with a plethora of deposits; it then promptly issues a second notice countermanding the first. To avoid misunderstanding, I must say that I am talking now only of what happens in the *Union des Caisses Rurales*, which is composed of Raiffeisen banks with unlimited liability. The central banks transacting business with agricultural banks of other types have neither the same credit nor the same facilities.

Now if this is so, I should like to ask: What occasion can there be for financial intervention of the State in aid of central or regional banks? There are people who would disallow the legitimacy of State assistance altogether. But, supposing that it is allowed as legitimate, what good can it do? There are two objects which might be kept in view in applying it. In the first place, it is conceivable that it may be argued that State help may help to reduce the rate of interest for agricultural borrowers. In the second place, it may be pleaded that State help may obtain money for



societies which are not in a position to obtain it otherwise, because they do not inspire sufficient confidence to capitalists.

Of these two objects the first is incapable of realisation, for even the State itself with all its power cannot alter the effect of economic laws. In France, under a law of 31st March 1899, we have a sum of 40,000,000 francs, to be increased each year by a fresh payment of at least 2,000,000 francs, at the disposal of the Minister of Agriculture, to be employed in advances, free of interest, to regional credit banks for the use of local societies. Although, however, obtaining the money gratis, the regional banks have not been able to reduce the rate of interest which they charge to local banks below the normal 3 per cent. And it is easy to see why this must be so. No doubt with 40,000,000 francs placed at their disposal free of interest, regional banks might have lowered the current rate of interest for a limited period, because the money is assigned only a circumscribed area for investment, in which employment is not likely to grow at once proportionally to the increased offer of funds. However, once the peasantry come to realise that they can obtain money at a lower rate, say at 2 per cent., their demand for it is sure to increase at once to such an extent that the State itself could not meet it. There are the savings banks. In France the State, administering the funds of the savings banks, allows on them a rate of interest of 3 per cent. If the peasantry could obtain State money at 2 per cent., as is assumed, they would not be slow to borrow what they could get in order to pay it into the savings banks and receive 3 per cent. upon it, pocketing 1 per cent. That would have been done, not by the million but by the milliard, and the State would have found itself pilloried as a fool for its pains. However, the State, not being able to borrow the money at a rate enabling the regional banks to relend it at 2 per cent., such banks finding themselves short of funds—since the supplies from the State must necessarily be limited—must necessarily have raised the rate and brought it back to its normal level.

Accordingly, it is ridiculous to suppose that a *limited* supply of gratuitous capital can permanently lower the current rate of interest. In France the command of public money, on which no interest is charged, has caused no additional demand whatever for funds, because the regional banks have not even attempted to lend money below the normal rate of interest, which is the rate settled by the Bank of France.

However, it is said, if grants of public money cannot lower the rate of interest; at any rate they may provide money for agricultural credit societies which are not able to obtain it otherwise.

If you will look at this matter closely, you will find that it amounts to this, that grants of public money are absolutely not wanted for sound and well-managed societies, such as are the Raiffeisen societies, which command a sufficient credit of their own and can obtain as much money as they require. The societies which need such money are unsound and untrustworthy credit societies, such as the small credit societies with share capital and limited liability, which we now see forming all over France, and which are powerless to raise money on their own security. Their share capital is in every instance small. Very rarely does it amount to 10,000 francs; in many cases it is only 400 or 500 francs. One can quite understand why the public does not show any alacrity to trust such organisations with money; for even small miscalculations made by the societies might involve creditors in loss.

Accordingly, the only result which State subventions in support of agricultural credit societies can bring about would be to facilitate and promote the formation of unsound societies, and to turn the peasantry away from the sound and well-managed co-operative banks, which have to impose rather more severe liabilities in return for greater soundness and security.

Judged from a co-operative point of view, then, State assistance is bad. It is only from a political point of view that it may prove useful. Evidently it does so, for it supplies the Government with means for bringing the agricultural population into greater subjection to itself, and rendering it more amenable to the dictation of public authorities. Some people think that that is a bad effect. I thoroughly agree with them. However, there is the fact. There can be no doubt that State grants place a powerful weapon in the hands of the party which provides the Government, and the effect will remain the same, even though State assistance benefit only unsound and unstable societies; for the great mass of our peasantry are not nearly sufficiently instructed in economic and financial knowledge to understand what gain it would be to them to refuse the Government help offered, and form by preference independent credit societies sound enough to stand upon their own legs. There is the money! And it tempts to the formation of societies which cannot live by their own strength. Necessarily there

must be a large number of societies which would come down at once if State support were withdrawn. And thus the members are placed between these two evils: either they will have to pay for a continuance of State help by obsequiousness and submission, or else they will see the society come down which now supplies them with credit.

You may observe the results plainly at work in France. The authors of the law of 1899 tried to except from the benefits of their law the Raiffeisen village banks, on the pretext that such banks are formed, not under the exceptional law of 1894, but under common law. M. Lourties, who had charge of the Bill in the Senate, distinctly made this his plea. Some of the principal agricultural societies of France at once remonstrated, and he promised accordingly not to put that plea forward. However, when speaking, he affirmed that we, leaders of the Raiffeisen movement, and more particularly I myself, were quite at one with him in his view. Fortunately we had a good friend present in the person of M. Halgan, and the device failed. We saved our right under the law. But that did not put us in a better position. For there was the Minister of Agriculture to apply the law. And he has steadily tried to except us from the benefits of the Act. As a matter of fact he has effectually excepted us because he has absolute discretion, and he uses his discretion in an altogether arbitrary way; so arbitrary, that for two years past he has failed even to publish his report upon the employment of the money voted in the *Journal Officiel*, as the law requires that he should.

For all that, we know what is going on. We know that he has assigned State money to regional banks actually before they started on their work. We know that the Regional Bank of the *Sud Est*, with a turnover of more than a million of francs, has received State assistance to the extent of 132,000 francs; and that the little Regional Bank of Tarbes, which has a business only of 20,000 francs—but has the late Minister of Agriculture, M. Jean Dupuy, for its founder—has received precisely the same amount. There are regional banks which, a week before some election, have received large advances, being careful to advise their members that those advances were due to the kind intervention of M. X. and M. Y., the two ministerial candidates. On the other hand, a society belonging to the *Union des Caisses Rurales*, though it applied for an advance as long ago as in 1899, has not yet been able to obtain one. On what grounds? During fourteen months the Minister declared

that he could not deal with the matter because he had mislaid the papers. Then the application must lie by for a year because M. Dupuy's circular had been issued attempting to except the societies of the Union. A full year was required for us to prove to the Minister that that circular was altogether illegal. Next, the Minister flatly refused the advance on the plea that this particular bank was not under the *spécial law* which regulates such matters. The very first clause in the Rules of the bank shows that this is an error. In truth the Minister does not want to make the advance, and his quest of pretexts is nothing but a blind.

We have claimed the advance, not because our regional bank needs it—it can find sufficient money without—but to put the law to the test. The law applies of right to all banks of a certain description. The money is the money of all. The officers who administer it are paid by all. We are loth to allow arbitrary distinctions, which are prompted purely by the likes and dislikes of the Minister. Next, we claim the money because if it were once to come to be supposed that the cash paid over by the Bank of France under its agreement with the State is earmarked only for a particular class of credit societies, favoured by the Minister, that is, the societies with limited liability, it would become difficult for us to convince the peasantry that it is for their own and the general good that they should form sound societies like those of the Raiffeisen type, which can do without the State. Once our peasants have a Raiffeisen society, and see it at work, experience tells them what are its advantages. However, in the face of the conduct of the Government, to make them understand this by argument alone, where there is no experience, must be difficult. As a matter of fact, in view of the favours from the State dangled before their eyes, wherever there are not yet sound Raiffeisen societies in existence, it has become difficult to persuade the peasantry to form such. We are placed at a disadvantage, and our propaganda is seriously prejudiced by the supposed favours kept as a monopoly for others.

My conclusions, then, are these:—

The central or regional banks formed independently by groups of rural Raiffeisen societies are extremely useful, and render signal services in facilitating the work of such societies.

The cash overplus of local societies is quite sufficient to supply all the funds that they require.

State assistance is powerless permanently to lower the rate of interest on agricultural loans.

State assistance can, accordingly, have no other effect but to prop up and artificially maintain unsound societies which have too little strength of their own to subsist independently.

State assistance is therefore useless for well-managed rural Raiffeisen societies which can procure for themselves all the money that they want.

That means that the only purpose which State aid can serve is that of promoting the formation of rickety, impotent societies, without any life in themselves, which cannot exist apart from State help.

The existence of such societies may produce desirable results in a political sense, but it is wholly in conflict with co-operative spirit, and prejudicial to sound co-operation and to the general welfare of the people.

## XI. THE CENTRAL CREDIT SOCIETY OF THE BELGIAN "BOERENBOND."

By Dr E. VLIEBERGH, *Secretary of the "Boerenbond."*

THERE are at the present time 384 Raiffeisen credit societies in existence in Belgium, all of them savings and credit societies of the Raiffeisen type with unlimited liability. Some of these, it is true, exist only in name. Others are rather savings banks than credit banks, which is a proof that these societies are generally trusted, but also that in some districts the peasantry still require educating, since they still consider it a disgrace to borrow. A very large number, however, both take savings and give credit. Such Raiffeisen societies are registered as co-operative societies, not as if that were an ideal form for them to assume, but because there is no more convenient form authorised. The shares are small, amounting to only 3 francs, so that even the poorest may take his place in his own local society. Many advances have been made to small cultivators and labouring folk for various objects: a very favourite object is the purchase of a cow.

The greater number of the existing Raiffeisen societies are affiliated to one or other of the six Central Banks of Louvain, Bruges, Arlon, Enghien, Liège, and Erneton-sur-Biert. Among them that of the "Boerenbond" at Louvain, which

has now about 200 village societies affiliated to it, takes first rank. This society is organised as a co-operative society with limited liability. Only the following are eligible as members in it:—(1) Local Raiffeisen societies which have adopted its model rules, and (2) individuals appointed to offices in its administration by the general meeting. Every member is required to take up at least one share of 100 francs, which carries with it liability for 1,000 francs. Individual members must not hold more than one share. Affiliated societies may hold as many shares as they please, and are required to hold one in respect of every 1,000 francs of credit given or guaranteed in their favour by the Central Bank. There is no prospect held out of making these shares a profitable investment, because in accordance with the rules 10 per cent. of the net profit has to be carried to reserve, interest on capital is limited to 5 per cent., and all the balance is made to go into the provident fund.

The Central Bank has a fourfold task to discharge. In the first place, it is to receive deposits from the affiliated societies, in the second to lend them money, in the third to inspect and audit their accounts and give them advice, and in the fourth to provide money to lend on mortgage.

I. Local Raiffeisen societies are savings banks and credit banks. They employ the deposits which they take in making advances to members. However, in the majority of cases there are more deposits than there are advances asked for, therefore the balance of deposits must be taken elsewhere. Now the local societies have two institutions open to them to which to entrust their surplus funds, namely, the National Savings Bank, and their own Central Bank. Up to now they have paid in indifferently to the one and also to the other. However, that is not likely to last; for the National Savings Bank has already given notice of its intention to reduce the interest now allowed, viz., 3 per cent., to 2 per cent., unless the societies will bind themselves not to receive deposits exceeding 2,000 francs on any one account. It is not likely that many societies of the "Boerenbond" will agree to these terms, because acceptance would leave them without sufficient means to meet the demands made upon them. Apart from that, acceptance must necessarily mean a right conceded to the National Savings Bank to inspect accounts so as to satisfy itself that the condition has been observed, and that very few only, if any, are likely to agree to. Accordingly

the Central Bank of the "Boerenbond" may look forward to a considerable increase in the receipt of deposits. On 31st December last the amount in its hands stood at 2,249,612.75 francs. The Central Bank will now have to consider what to do with the incoming money. Up to now the task has been a very easy one. It has simply paid over its surplus funds to the National Savings Bank, which has taken all that was brought to it at 3 per cent., and allowed the Central Bank to withdraw without notice. That is the same rate which the Central Bank has allowed to affiliated societies. However, the Central Bank is now to be brought under the same inconvenient rule as the local banks. It is not to receive more than 2 per cent. unless it agrees to bind its affiliated local societies over to deposit no more with itself than 20,000 francs. It cannot do that, for it would mean crippling its means for its own work. It will accordingly have to find some other outlet for its surplus funds.

II. Next, as to credit. Local societies which find that their own funds are not sufficient may obtain a credit at the National Savings Bank if their application is backed by the Central Bank, which becomes surety. However, the amounts which the National Savings Bank places at their disposal are quite inadequate. Even the best societies obtain only ridiculously small sums. Accordingly during recent years local societies have gone less and less to the National Savings Bank for money. In 1903 not a single credit was opened to any of them so far as they belong to the "Boerenbond." The Central Bank, on the other hand, has opened 13 new credits to such societies to the total amount of 99,500 francs. In all it has, since its formation on 6th June 1898, opened to them 137 credits for collectively 844,750 francs. Local societies pay it  $3\frac{1}{4}$  per cent. in respect of such advances. In addition they bind themselves, in the event of liquidation, to pay over to the Central Bank one-sixth of the total interest charged to them by that institution out of a special fund created for the purpose after all advances have been balanced.

III. The advice and information given to local societies by the Central Bank, which has become to them a veritable information office, has proved very valuable and is very much appreciated. So many cases occur in the management of a local society, to dealing with which local managers are not equal for want of knowledge and experience, that such

reserve of available knowledge of business is much prized. In addition, there is the annual examination and auditing of accounts by the Central Bank, which is a great boon to local societies, serving as a pledge to its members that things will be kept straight, and affording managers additional opportunities for asking advice and soliciting guidance from more experienced men of business. The Belgian Government recognises the value of their services by allowing the Central Bank a grant of 25 francs every year in respect of every affiliated society, to pay the expenses of inspection.

IV. Mortgage credit is quite a new branch of business for the Central Bank, to practise which it has only become entitled since 30th November 1903 in virtue of a resolution then passed by the general meeting of its members. However, the matter has long occupied the attention of the "Boerenbond." It was thought that mortgage credit might be organised both more simply and more effectively on co-operative lines than on others. The task to be accomplished is, in few words, this—money is to be placed at the small landowners' command for a sufficiently long time and, as much as possible, on the spot, to be repaid by instalments or else by life insurance. Money is required as a rule for twenty, twenty-five, and thirty years. The Central Bank could not possibly lock up its ordinary funds for so long together; but there is no reason why it should not do as other financial institutions have done, that is, raise the requisite money by debentures. The money resulting from such transaction may be locked up with impunity. That is what the general meeting of the date named authorised the Central Bank to do. Now it proceeds in this way. The intending borrower is made to apply for his loan to his local society, which knows him and knows his property. It values the latter, inquires into the title, and, if it approves, sends the application on, together with the deeds and its valuation, to the Central Bank. If the latter approves, it advances the money on the joint security of the applicant's property and the local society's endorsement, and so the thing is done. The Central Bank has also power to deal directly with individuals. It is bound to have such power, and it has exercised it, because there is not a local society in every parish. If it finds everything fair and square, it makes the advance, but at a slightly higher rate of interest than in the other case. When it has a local society to deal with, it charges the latter  $3\frac{1}{2}$  per cent., which enables it to lend to its members at



3½ per cent. The mortgage coming straight to the Central Bank is made to pay 3·875 per cent. In this way has mortgage credit been decentralised. The Central Bank has not exercised its power long, but it has granted several mortgage loans already both to local societies and to individuals, and it has several more such transactions now under consideration.

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BALANCE-SHEET OF THE CENTRAL CO-OPERATIVE BANK  
FOR 1903.

|                              | <i>Credit.</i> | Francs.             |
|------------------------------|----------------|---------------------|
| Shareholders - - -           | -              | 1,207,700.21        |
| National Savings Bank - -    | -              | 1,064,394.53        |
| People's Bank - - -          | -              | 457,993.22          |
| Raiffeisen village banks - - | -              | 337,904.76          |
| Effects in hand - - -        | -              | 545,275.78          |
| Claims - - -                 | -              | 6,300.44            |
| Cash - - -                   | -              | 30.84               |
|                              | <b>Total</b> - | <b>3,619,599.78</b> |

|                           | <i>Debit.</i>  | Francs.             |
|---------------------------|----------------|---------------------|
| Share capital - - -       | -              | 1,221,000.00        |
| Local village banks - - - | -              | 2,249,612.75        |
| Savings deposits - - -    | -              | 131,796.40          |
| Various liabilities - - - | -              | 338.85              |
| Reserve fund - - -        | -              | 13,524.04           |
| Net profit (1903) - - -   | -              | 3,328.74            |
|                           | <b>Total</b> - | <b>3,619,599.78</b> |

DIVISION OF PROFITS (3,328.74 francs).

|   |          |
|---|----------|
| 10 per cent. to reserve fund -          | 332.87   |
| 3 per cent. interest to share capital - | 379.87   |
| Balance carried to reserve - -          | 2,616.00 |

## RESERVE FUND.

|                                      |   |                  |
|--------------------------------------|---|------------------|
| Total sum carried to reserve in 1903 | - | 2,948.87         |
| Carried over from previous year      | - | 13,524.04        |
| Total at present time                | - | <u>16,472.91</u> |

## PROFIT AND LOSS ACCOUNT.

*Credit.*

|                   |   |   |   |                  |
|-------------------|---|---|---|------------------|
| Interest received | - | - | - | 48,141.90        |
| Various funds     | - | - | - | 8,024.35         |
| State grants      | - | - | - | 5,312.90         |
| Total             | - | - | - | <u>61,479.15</u> |

*Debit.*

|                                  |   |   |   |                  |
|----------------------------------|---|---|---|------------------|
| Interest paid                    | - | - | - | 51,677.86        |
| General management expenses, &c. | - | - | - | 6,472.55         |
| Net profit                       | - | - | - | 3,328.74         |
| Total                            | - | - | - | <u>61,479.15</u> |

## (D.) Backward Condition of Co-operation in the Eastern and Northern Countries of Europe: its Causes and the Proper Remedies.

At the suggestion of Count Károlyi, President of the Congress, a considerable number of question-sheets have been issued to representative co-operators and students of co-operation in some eastern and northern countries of Europe with the object of ascertaining their opinion mainly with regard to these two points, "Why is Co-operation backward?" and "What measures appear desirable to promote its development?"

The following, printed in the order in which the questions were put, and grouped according to countries, are the answers received.

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### I. HUNGARY.

*Information furnished by Mrs HÉLÈNE KOLOSVÁRY, on behalf of the Local Organising Committee, STEFAN JANOVINK, Likavka, and EDM. KIESCHANEK, Szent-Istvan.*

I. When did the co-operative movement begin in your country?

The co-operative movement in Hungary began after 1850. It was the example and influence of the Schulze-Delitzsch societies which gave the first impulse to the creation of co-operative societies in Transylvania. The movement spread out on a wider scale after 1875, when a law authorising the formation of co-operative societies was passed. Nevertheless, many of the societies then formed were only nominally co-operative, disregarding the leading principles of co-operation. The movement took a better turn in 1886, when Count Alexander Károlyi, together with Andrew György and Joseph Hajós, formed the co-operative credit society of the county of Pest.—*Kolosváry.*

The movement began in 1875, but only here and there. Credit societies became more numerous in 1890, distributive societies in 1894, dairies in 1900.—*Janovink.*

Our first co-operative society was formed in 1852, bearing the name of "Thrift and Help Society of Besterce." The second was formed in 1858. In the eighties co-operation became prosperous, more particularly owing to the formation of the so-called Károlyi societies, which now number 360 or 380.—*Kirschaneck*.

## II. How many co-operative societies has your country now, and with what number of members?

The most recent returns of co-operative societies show nearly 4,000 co-operative societies to be in existence with 700,000 to 800,000 members.—*Kolosváry*.

We have no dependable statistics. However, it may be taken that there are about 1,800 credit societies, 500 dairies, and 900 distributive societies. An official return shows that in 1902 and 1903 the following number of co-operative societies was formed:—

|                        |   |   | 1902.      | 1903.      |
|------------------------|---|---|------------|------------|
| Credit societies       | - | - | 400        | 376        |
| Distributive societies | - | - | 144        | 180        |
| Dairies                | - | - | 90         | 61         |
| In all                 | - | - | <u>634</u> | <u>617</u> |

—*Janovink*.

There are known to be about 2,600 co-operative societies. There may be 200 or 300 more. The aggregate number of members is given as 400,000, but there are probably about 600,000.—*Kirschaneck*.

## III. What kinds of co-operative societies are there established in your country?

We have (a) credit societies, (b) distributive societies, (c) dairies, (d) insurance societies, (e) one society for selling wine, and (f) agricultural societies.—*Janovink*.

We have credit societies, distributive societies, societies for the common sale of goods, insurance societies, societies for the sale of corn, productive societies, co-operative dairies, societies for the sale of eggs.—*Kirschaneck*.

## IV. What material and moral results have been obtained in your country by means of co-operation?

In the first place, there can be no doubt that the prevalence of usury, which was previously simply crushing, has

been very sensibly mitigated. A very important moral effect of co-operation observable is the reduction of alcoholism, and another most striking material effect has been to cheapen the price of the most necessary articles of consumption, and thus to enable people to live in greater comfort. As social work and the education of people advance, we may hope that co-operation will put a stop to emigration and promote the welfare and moral condition of the lower strata of the population.—*Kolosváry*.

The people are full of joy on seeing a co-operative store started in their village, at the thought that it is all due to their own efforts. The store puts a stop to adulteration of goods and supplies full weight; if there is a credit society it provides money at a lower rate of interest.—*Janovink*.

In the first place, cheaper money, and cheaper and better goods; also the turning to account of natural advantages which used to be wasted, such as a profitable sale of milk, which was previously impossible, but is now secured, thanks to the co-operative dairies. In the next place, growing relief from usury in respect alike of credit and of goods, union of forces, a quickening of the co-operative spirit, and an awakening to a spirit of business.—*Kirschaneck*.

V. Which are the causes, if any, which hinder the advance of co-operation? Are they to be found either in faulty legislation, or in the economic condition of your country, or in the character of the people?

The main difficulties in the way of co-operation used to be the ignorance of the people, also want of interest in economic progress, and lack of reliable leaders. At present the general law on co-operative societies is undoubtedly still in many respects a hindrance; it is under revision, and we hope that the bill prepared by Mr F. Nagy, formerly Vice-Secretary of State in the Ministry of Commerce, will provide a remedy for the development of co-operative societies. It should not be forgotten that Hungarian people do not attend to their material interests in the same way as people in western countries.

Lack of perseverance and indifference are other great hindrances. It is, in fact, very difficult to induce people to work and to form institutions which promise material profit or other economic advantages. They have been so often disappointed that they have lost faith. A further rather serious hindrance brought about by the recent rapid spread

of co-operation is this, that some societies practise shameless, even undisguised usury, calling it co-operation. But we hope that the new bill will put a stop to this abuse.—*Kolosváry*.

In our upper classes there are many who are truly mediæval in their opinions. But the rich people and those who live at Budapest have learnt to understand the value of co-operation. The poor folk in the provinces know nothing at all. Government, whenever inclined to do something for the people, does not ask the opinion of the people itself, but passes laws which become a burden and cause additional expense. Thus the opinion of practical co-operators is not consulted when there is a new co-operative law to be passed. Congresses are held, but the speeches there heard are often made by people who know nothing about co-operation, and not by delegates of co-operative stores.—*Janovink*.

In part our laws, but mainly the peculiar character of our people, *e.g.* a want of confidence in the upper classes, who are anxious to promote co-operation.—*Kirschaneck*.

VI. What circumstances are there in your country specially calculated to foster the growth of co-operation, either for the purpose of credit or of distribution, or else for common sale or common production, such as occurs in co-operative dairies, or, lastly, for co-operative insurance?

State help is still in most cases necessary to produce a healthy development. It is given chiefly to the co-operative credit societies, called people's banks, which are under the direction of the Hungarian Central Co-operative Credit Society, formed in the year 1898. In our experience the welfare and prosperity of co-operative associations imperatively require at least one central society to form and lead them. We know that this is not in the eyes of many co-operators the ideal state. But we are not living in ideal circumstances, and must reckon with the want of people. If the central institute will do its work well, the prosperity of co-operative associations is almost assured. The most difficult problem is to provide good leading for co-operative associations formed by small tradesmen. The goodwill and help of society at large, and that of the Government, is in most cases very necessary. It was difficult to raise society to the present level with regard to co-operation. However, we have succeeded. We expect much in this

respect from the revision of our law regarding co-operative associations, now under consideration.—*Kolosváry*.

Credit societies might be helped on by sufficient and cheap money, distributive societies by honest trading and powerful central unions, productive societies by the provision of reliable markets for their goods, insurance societies by a quickening of co-operative spirit.—*Kirschaneck*.

VII. Have your upper classes learnt to understand that it is incumbent upon them to study to make co-operation succeed as a means of benefiting the poor ?

The number of zealous co-operators is day by day increasing. Able leaders now enlighten the people, showing the way to prosperity. The leading classes of Hungarian society are awakening more and more to the knowledge that they have duties to fulfil towards the poor. The number of those who are willing to make sacrifices in the shape of work and of money to promote the development of co-operation is incessantly becoming larger. Apart from the representatives of rural democracy, which is still in an embryonic state in Hungary, many of our great landlords set an example worthy to be followed, in supporting co-operative credit and distributive societies. It is a characteristic feature, that in the Farmers' Insurance Society one member of the board is an ex-minister, three are privy councillors, and one is a prince of the Holy Roman Empire. This fact and the increasing consciousness of social duties produce co-operative activity on a larger scale. Co-operative societies are now being formed all over the country.—*Kolosváry*.

Yes. The Government likewise is in favour of co-operation generally, but not of co-operative stores.—*Janovink*.

Yes. The most eminent co-operators are to be found in the upper classes. However, since recently the leaders of the working-class movement take an active interest in co-operation.—*Kirschaneck*.

VIII. Are your agricultural and industrial classes in a position to carry on co-operation without assistance from the upper classes and from officers of central institutions ?

Small people in Hungary are generally unable to form and lead co-operative societies without the intervention of men of the educated classes. But we must mention that

small farmers have proved abler co-operators than men of the industrial classes, though even these are not less in need of the help afforded by co-operation. We can proudly attest, that even among peasants there are men with almost no education at all, inclined and able to manage business in co-operative societies in the most unobjectionable manner and with great enthusiasm.—*Kolosváry*.

Yes. Only there is the difficulty of the many different languages spoken in the country, and there is no good handbook which might tell people how to conduct co-operative stores.—*Janovink*.

Scarcely. Societies started in this way have, as a rule, led to sorry results.—*Kirschanek*.

IX. Have you any other observations to make ?

We may state that co-operation is now on a secure footing in Hungary. The aggressive conduct of tradesmen is a proof that co-operation can no more be simply pooh-poohed. The cause of their animosity is, that distributive societies trench upon the profits of small village grocers, who formerly were the masters of small people, and often reduced them to beggary.—*Kolosváry*.

We want, among other things, good model rules for distributive societies. Profits are still far too often allotted to capital instead of to trade. We know far too little about the co-operative movement in Europe. Co-operative papers here do not say much about it. The patrons of the distributive movement want a law passed prohibiting sales to non-members. However, that would injure us, and it does not seem called for, since our stores are heavily taxed and should in return be considered entitled to sell both to members and to non-members. Distributive co-operation appears to have a great future in Hungary, if only it is promoted on the right lines. We want two centres of co-operative action—one intellectual, to educate us; the other material, to supply us with good wares.—*Janovink*.

What we want is a solidarity of co-operative feeling which might unite all portions of the movement for a common effort in favour of the commonweal.—*Kirschanek*.

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## II. RUSSIA.

*Information furnished by SERGE DE BORODAËWSKY, of the St Petersburg State Bank, and Dr TOTOMIANZ, St Petersburg.*

### I. When did the co-operative movement begin in your country?

"Artels" have been known among our labouring population for a long time back. They are, as one might say, "productive associations"; but they differ from co-operative associations in the accepted sense of the word in this, that they are formed, by verbal agreement, every time only for a particular job. That job accomplished, the "artel" comes to an end. Accordingly, the "artels" can scarcely enter into account on the present occasion, and we shall have to regard the date of the formation of the first co-operative savings and credit society, and also the first distributive society, that is, the year 1865, as the starting-point of the history of co-operation in Russia.—*Borodaëwsky.*

The co-operative movement in the sense of modern co-operation began in Russia in 1860; however, the first co-operative store was only opened at Riga in 1865.—*Totomianz.*

### II. How many co-operative societies has your country now, and with what number of members?

At the present time we have in existence (a) more than 1,320 societies, with collectively nearly 450,000 members, formed to afford persons not of the most indigent classes easy access to credit for purposes of business and of household requirements. There are more than 900 co-operative credit societies specifically of the Schulze-Delitzsch type, with close upon 360,000 members among them, and 420 credit societies of a different type with nearly 85,000 members. (b) On 1st January 1903, 801 distributive societies with about 500,000 members. (c) 122 industrial productive societies (artels) which have accepted the rules approved by the Government. (d) On 1st January 1902, 529 societies formed to promote the improvement of agriculture. (e) 120 village societies for common purchase and common sale. (f) On 1st January 1903, 169 credit societies with 112,000 members. (g) More than 100 co-operative insurance societies.—*Borodaëwsky.*

There are now in Russia about 700 distributive societies with collectively about 250,000 members. There are something like 720 credit societies with about 240,000 members.—*Totomianz.*

### III. What kinds of co-operative societies are there established in your country ?

See under last head.—*Borodaëwsky.*

There are distributive societies, credit societies, productive societies, societies for the common sale of articles produced by members, societies for the common purchase of raw material, dairies, &c.—*Totomianz.*

### IV. What material and moral results have been obtained in your country by means of co-operation ?

The material results obtained are:—(a) The lowering of the rate of interest for borrowed money, which, previous to the formation of co-operative credit societies, often stood at 100 per cent. and even more, whereas co-operative societies now lend generally at about 12 per cent.; (b) a sensible advance in agricultural cultivation; (c) a sensible reduction of premiums for insurance. The moral results are, that our people have begun to understand the value of personal character and to act on their own initiative.—*Borodaëwsky.*

The current prices of provisions have been lowered and the co-operative idea has been diffused.—*Totomianz.*

### V. Which are the causes, if any, which hinder the advance of co-operation? Are they to be found either in faulty legislation, or in the economic condition of your country, or in the character of the people?

The obstacles which stand in the way of a more rapid advance of our co-operative movement are these:—(a) Backward education; (b) the failure of public bodies to make the value of co-operative organisations understood; (c) a want of sufficient confidence in co-operative institutions shown by Government authorities themselves.—*Borodaëwsky.*

The advance and spread of co-operation are hindered by faulty laws, which prohibit or, at any rate, place obstacles in the way of public meetings, lectures, and the like. In addition, the poverty and ignorance of the population act as hindrances.—*Totomianz.*

VI. What circumstances are there in your country specially calculated to foster the growth of co-operation, either for the purpose of credit or of distribution, or else for common sale or common production, such as occurs in co-operative dairies, or, lastly, for co-operative insurance?

A removal of the obstacles just referred to would probably have the desired effect.—*Borodaewsky.*

VII. Have your upper classes learnt to understand that it is incumbent upon them to study to make co-operation succeed as a means of benefiting the poor?

During the last decade the upper classes clearly have learnt to appreciate the necessity of contributing to the development of co-operative institutions. As evidence of this I may point to recent legislation upon co-operative matters, more specifically (a) the law of 1895 on societies for dispensing petty credit; (b) the model rules for distributive societies, and also for small village societies (for common sale and purchase) issued in 1897; (c) the model rules for societies formed to promote the improvement of agriculture issued in 1898; and (d) the law respecting productive societies or "artels" issued in 1902.—*Borodaewsky.*

Yes.—*Totomianz.*

VIII. Are your agricultural and industrial classes in a position to carry on co-operation without assistance from the upper classes and from officers of central institutions?

Unquestionably there is a general awakening of a consciousness of common interests, and of a necessity for acting for oneself, to be observed among our working population, more especially in towns. However, there are also in the country already a considerable number of intelligent persons. And it is at their motion that several of our co-operative organisations have been formed. On the other hand it cannot be admitted that the influence of the Government and its officers is to any extent responsible for what development of co-operative organisations there has been.—*Borodaewsky.*

Yes.—*Totomianz.*

IX. Have you any other observations to make?

No.—*Borodaewsky.*

No.—*Totomianz.*

### III. FINLAND.

*Information furnished by Dr HANNES GEBHARD, President of the Society "Pellervo," and VAINO TANNER, Abo.*

I. When did the co-operative movement begin in your country?

1897, when the society for co-operative propaganda "Pellervo" was formed.—*Gebhard.*

Apart from some abortive attempts made to start it in the eighties, the co-operative movement may be said to have begun in earnest in 1899 under the guidance of Dr H. Gebhard. There is a co-operative law in force in this country since 1st September 1901.—*Tanner.*

II. How many co-operative societies has your country now, and with what number of members?

II. There were on 31st December 1903, 194 registered co-operative societies, and some unregistered. As to membership, there are no statistics available, but there are supposed to be about 50,000 members.—*Tanner.*

III. What kinds of co-operative societies are there established in your country?

II. and III. On 15th April there were in Finland 283 co-operative societies registered under the co-operative law. Of these 283 societies 108 are dairies, 94 distributive societies, 49 village banks (of the Raiffeisen type), 32 productive and building associations, societies for the supply of electric power and lighting, and others. In addition there are 365 peasants' societies, formed mainly for the promotion of technical and class interests, but also for purchasing in common. They number about 22,000 members. 222 of them in 1903 made common purchases to the extent of 2,133,500 francs. In the last place there are about 130 stock improvement societies, and 20 live-stock insurance societies.—*Gebhard.*

III. We have 75 co-operative dairies, 71 distributive societies, 24 credit societies, 3 societies for the common use of agricultural machinery, and 21 societies of divers types, including societies for the common production of electric

light and power, for the sale of cattle, the importation of oil, for the common maintenance of kitchens, stoneworkers' societies, building associations, tobacco-workers' societies, &c.—*Tanner*.

IV. What material and moral results have been obtained in your country by means of co-operation ?

The collective trade of all societies taken together amounts probably to 16,000,000 francs. After only four years' existence we must not yet talk of moral results. Nevertheless, here and there it seems as if the old want of confidence in one another, prevailing among the peasantry and working men, were giving way, and also as if peasants were beginning to show greater belief in their own power.—*Gebhard*.

Our co-operative movement being still in its infancy, we must not yet talk of results. Co-operative dairies have brought money into various parishes, distributive societies have reduced prices, &c. In fact, we notice the ordinary results. Unquestionably the movement has supplied a new ground upon which all classes find that they can work in common.—*Tanner*.

V. Which are the causes, if any, which hinder the advance of co-operation? Are they to be found either in faulty legislation, or in the economic condition of your country, or in the character of the people ?

Principally the sparseness of the population and the large extension of the country (374,000 square kilometres with 8.5 inhabitants per kilometre). When the co-operative propaganda began in 1899, the prevailing idea was that our population was too conservative in its notions, and too much disposed to mutual distrust for mutual combination to be possible. There are not, however, many countries which can boast of something like 300 co-operative societies formed within three years of propaganda, counting from the passing of the co-operative law of 1901.—*Gebhard*.

Our legislation presents no obstacle. No doubt the state of dependence in which the population find themselves constitutes a hindrance, more especially in Eastern Finland; also the presence of two distinct races.—*Tanner*.

VI. What circumstances are there in your country specially calculated to foster the growth of co-operation, either

for the purpose of credit or of distribution, or else for common sale or common production, such as occurs in co-operative dairies, or, lastly, for co-operative insurance?

The mainstay of our agriculture is cattle raising and grazing. When our peasants find that they can export butter into England, they form co-operative dairies. When they find that they are short of money, they form agricultural credit banks. Distributive societies are formed because the small folk desire to emancipate themselves from the small tradesmen, of whom there are a large number, more particularly in agricultural districts.—*Gebhard*.

Credit societies are formed because the rural population require capital for the purchase of machinery. The formation of distributive societies is stimulated by the excessive number of shops in which indifferent goods are offered at high prices. The backwardness of our agriculture constrains to the keeping of cattle, and as non-co-operative dairies are small and badly fitted out, the peasantry combine to form larger ones.—*Tanner*.

VII. Have your upper classes learnt to understand that it is incumbent upon them to study to make co-operation succeed as a means of benefiting the poor?

The upper classes are, generally speaking, well enough disposed towards co-operation. They showed this more particularly in the first stages of the propaganda. More especially the students of universities have laboured hard to make the co-operative idea known in the country.—*Gebhard*.

Yes. The central society "Pellervo" was formed by people of the upper classes. The State subsidises that society to the extent of 20,000 roubles per annum. The Central Credit Society has obtained from the State a loan of 4,000,000 roubles.—*Tanner*.

VIII. Are your agricultural and industrial classes in a position to carry on co-operation without assistance from the upper classes and from officers of central institutions?

Peasantry and working folk alike know how to co-operate without any assistance from the upper classes. Nevertheless, it deserves to be remembered that the society "Pellervo" is the great stimulating power in matters of co-operative

organisation, not exciting interest only, but also actively organising, teaching and directing, by means of conferences, education, manuals and model rules, business forms, model account books, a monthly journal, legal advice, organisation of a central department, &c.—*Gebhard*.

Since the society "Pellervo" first set co-operation in motion, the initiative is, by force of habit, left to it. There are only few societies which have been formed independently of it.—*Tanner*.

IX. Have you any other observations to make?

The Government has up to now assisted co-operation in its application to agriculture by such means as the following: a subvention in money paid to the society "Pellervo" to aid it in prosecuting its labours of organisation, loans granted to co-operative dairy societies, and the necessary capital furnished to the Central Bank of rural loan societies.—*Gebhard*.

The co-operative law of 1901 sanctions the formation of co-operative societies without any liability. This has led to the formation of some doubtful societies. It is only since last year that the two distinct forms of properly defined limited and unlimited liability have been urged upon societies. There are societies which sell to non-members as well as to members.

We have several central institutions, namely, an office to negotiate business for peasants' societies, a central credit bank, and a newly-formed central office for distributive societies.—*Tanner*.

#### IV. POLISH PROVINCES.

*Information furnished by COUNT ZAMOYSKI, of Zakopane.*

I. When did the co-operative movement begin in your country?

It is difficult to give particulars; however, the first attempts to organise co-operation in this country date back to about a century ago. It deserves to be recalled to mind that it was Poles who first organised mortgage credit in France on the model of something similar actually then in existence in Poland.

II. How many co-operative societies has your country now, and with what number of members ?

The number of co-operative societies in Galicia and their strength in members will be best gathered from the last report of the Union of co-operative societies of that country. The said Union does not embrace actually all co-operative societies existing, but it does the larger number. Seeing how very difficult it is to form co-operative associations in Russian Poland, I believe that it will not be easy to obtain very precise information as to the state of things in that country. There are a fair number of societies in provincial towns, but they have no bond of union among themselves.

III. What kinds of co-operative societies are there established in your country ?

There are at the present time, both in Prussian and in Austrian Poland, a considerable number of co-operative people's banks, agricultural co-operative societies, co-operative dairies, co-operative distilleries and the like, which function satisfactorily.

V. Which are the causes, if any, which hinder the advance of co-operation ? Are they to be found either in faulty legislation, or in the economic condition of your country, or in the character of the people ?

The causes which hinder the progress of co-operation in Russian Poland are to be found in the persecution practised by the police, in the difficulty encountered at every turn in the quest of Government sanction, and in the steady endeavour to prevent any movement which may draw the different classes of the population together, which are practised by the authorities. As a matter of course the movement has been greatly hindered by the political disturbances and the terrible persecutions to which this country has been exposed. In the part of Poland which is at present under Russian rule, every attempt to form any association whatsoever has such great difficulties and such serious persecutions to contend with, that co-operation has necessarily found itself sorely hampered and has been unable to produce anything like the results to be looked for from it in a state of liberty. In the parts of Poland, on the other hand, which are under Prussian and Austrian rule, legislation has on the whole favoured co-operation, and the movement has in consequence developed rather vigorously, more particularly since 1870.



VI. What circumstances are there in your country specially calculated to foster the growth of co-operation, either for the purpose of credit, or of distribution, or else for common sale or common production, such as occurs in co-operative dairies, or, lastly, for co-operative insurance ?

With the exception of some important cities specially favoured by circumstances, our provincial towns grow only very slowly ; and, of course, in the agricultural districts the co-operative societies, formed to purchase seeds, fertilisers, and other agricultural requirements in common, lead only a languid existence. On the other hand there can be no doubt that the agricultural population stands in need of credit ; and accordingly credit societies are active and multiply. Agricultural supply societies, as observed, do not occupy a foremost position ; however, there are a fair number of such, both in the Grand Duchy of Posen and in Galicia, and they yield fairly good results.

VII. Have your upper classes learnt to understand that it is incumbent upon them to study to make co-operation succeed as a means of benefiting the poor ?

There are a considerable number of well-meaning people among the upper classes who study to make co-operation understood and practised. The result of their labours is unmistakably in evidence wherever the Government does not place obstacles in the way of the formation and the work of societies.

VIII. Are your agricultural and industrial classes in a position to carry on co-operation without assistance from the upper classes and from officers of central institutions ?

The best proof of the fact that the population of Galicia and of the Grand Duchy of Posen have come to understand the value of co-operation is to be found in this, that they have formed a goodly number of co-operative societies without any suggestion or assistance from the upper classes—societies consisting of peasants only, who act on their own initiative and are prompted to the new departure by the brilliant results which they have observed in adjoining districts.

## V. RUSSIAN POLAND.

*Information furnished by the Agricultural Society of Radom.*

- I. When did the co-operative movement begin in your country ?

The 15th of August 1899.

- II. How many co-operative societies has your country, now, and with what number of members ?

Only one society, with 212 members.

- III. What kinds of co-operative societies are there established in your country ?

A commercial agricultural society. However, recently the peasantry have taken to forming associations.

- IV. What material and moral results have been obtained in your country by means of co-operation ?

The material result is a saving of more than 3,500 roubles annually, on an average.

- V. Which are the causes, if any, which hinder the advance of co-operation ? Are they to be found either in faulty legislation, or in the economic condition of your country, or in the character of the people ?

All the three causes named in the question.

- VI. What circumstances are there in your country specially calculated to foster the growth of co-operation, either for the purposes of credit, or of distribution, or else for common sale or common production, such as occurs in co-operative dairies, or, lastly, for co-operative insurance ?

Up to recently, the laws did not permit the formation of co-operative societies. A change for the better has taken place, and the formation is now allowed.

VII. Have your upper classes learnt to understand that it is incumbent upon them to study to make co-operation succeed as a means of benefiting the poor ?

All classes of society take an interest in co-operation and are disposed to befriend it.

VIII. Are your agricultural and industrial classes in a position to carry on co-operation without assistance from the upper classes, and from officers of central institutions ?

Since two years, societies of peasants have been forming with the assistance of the upper classes. There are at present ten, but more are forming.

IX. Have you any other observations to make ?

No.

## VI. GALICIA.

*Information furnished by ARTUR ZAREMBA-CIELECKI, Chairman of the Towarzystwa Kółek Rolniczych ; LADISLAUS TERENKOCZY, Director of the Credit Bank of Lemberg and Chairman of the Union of Galician Co-operative Societies ; and by Dr GRABSKY of the University of Cracow.*

I. When did the co-operative movement begin in your country ?

The co-operative movement for the benefit of small agricultural proprietors in Galicia began in 1882, when the Towarzystwa Kółek Rolniczych (Agricultural Societies' Union) was formed.—*Zaremba-Cielecki.*

Up to 1873 there were in Galicia only very few co-operative or, more strictly speaking, mutual societies. The co-operative law of 9th April 1873 gave a new impetus to co-operative ideas, for which reason the year 1873 ought to count as the real beginning of the co-operative movement in Galicia.—*Terenkoczy.*

We have had industrial societies since about 1870 ; however, it is only during the last two or three years that the co-operative idea has actually taken shape.—*Grabsky.*

II. How many co-operative societies has your country now, and with what number of members?

1. Towarzystwa Kółek Rolniczych (Agricultural Societies' Union), with 1,350 branches and 50,000 members.

2. Towarzystwa Zaliczkowe (credit banks on the Schulze-Delitzsch system) for towns.

3. Spółki Oszczędności i Pożyczek (savings and loans associations on the Raiffeisen system) for agricultural districts.—*Zaremba-Cielecki*.

At the end of 1902 there were in Galicia 964 co-operative societies. The Schulze-Delitzsch societies among them numbered 702,748 members, the Raiffeisen agricultural banks, 36,017. This brings the total membership up to 738,765.—*Terenkoczy*.

We have in this country about 600 or 700 productive societies, and nearly the same number of distributive societies. It is impossible to state the number of members even approximately. There are societies with 40 or 50 members and others with 2,000.—*Grabsky*.

III. What kinds of co-operative societies are there established in your country?

The Kółka Rolnicze (agricultural societies) generally speaking resemble the agricultural casinos of Austria. However, they are in Galicia, as a rule, combined with distributive stores.—*Zaremba-Cielecki*.

The overwhelming majority are credit societies. Societies of other descriptions number only 146. That number is made up as follows:—There are 38 trading (supply) societies, 35 productive and 15 distributive societies; moreover, 10 dairies, 8 manufacturing societies, 6 publishing societies, 8 agricultural societies, 4 building associations, 4 printing societies, 2 societies for the common purchase of land for the purpose of resale in small plots, 4 societies for working petroleum springs, 2 artistic societies, 3 societies for raising peat, 1 co-operative book-store, 1 society for generating electric power and light, 1 land improvement society, 1 co-operative carrying society, 1 land settlement society, 1 sanatorium for consumptives, and 1 society for providing water.—*Terenkoczy*.

On the productive side we have dairies, seed societies, and bakeries; on the distributive, in the main two distinct

types, namely, ordinary co-operative stores, and agricultural societies for the common purchase of fertilisers and feeding stuffs.—*Grabsky*.

#### IV. What material and moral results have been obtained in your country by means of co-operation ?

As far as the Kólka Rolnicze are concerned, the results have been very marked, alike materially and morally.—*Zaremba-Cielecki*.

The credit societies have served admirably to provide a more equitable system of credit for medium and small loans, more particularly as regards small communities, in which formerly the only providers of loans were private persons. To a great extent these societies have driven usury out of the country. Unfortunately, however, on the other hand, a number of the societies referred to have abused the co-operative form of organisation to become usurers themselves under the mask of co-operation. Their members are in the main capitalists, who do not care to incur the odium of lending out their money, as before, at high interest, in their capacity of individuals. Generally speaking, credit societies have succeeded in awakening and promoting a spirit of thrift among the great mass of the people, and have brought much money that was unprofitably hid away out of its hiding-places to where, by the interposition of the co-operative societies, it may be profitably employed, to the benefit not only of its owners, but also of those who obtain credit from the societies.—*Terenkoczy*.

The results obtained are : more honesty in trade, less adulteration, and a growing feeling of solidarity among the humbler classes.—*Grabsky*.

#### V. Which are the causes, if any, which hinder the advance of co-operation ? Are they to be found either in faulty legislation, or in the economic condition of your country, or in the character of the people ?

Legislation places no obstacle in the way. Wherever education is sufficiently advanced, our people readily join co-operative societies. However, the poverty of the population stands hinderingly in the way.—*Zaremba-Cielecki*.

The co-operative societies formed for purposes of trading or manufacture (supply and production) fare only poorly in Galicia, because in that country commerce and industry are backward in comparison with other countries. It is for this reason that such societies experience considerable difficulty in obtaining loan money. The want of such may be regarded as the main hindrance to the development of societies of this sort.—*Terenkoczy*.

Our legislation, want of economic instruction, poverty among the masses, and the conservative character of the population, constitute the main hindrances.—*Grabsky*.

VI. What circumstances are there in your country specially calculated to foster the growth of co-operation, either for the purpose of credit or of distribution, or else for common sale or common production, such as occurs in co-operative dairies, or, lastly, for co-operative insurance?

More liberal support from the State and from the Galician authorities.—*Zaremba-Cielecki*.

There is a want of energetic and active individuals apt to inspire confidence, to take the lead in the formation and management of societies, by means of which otherwise the ample opportunities with which Galicia is favoured, such as natural fertility, abundance of water power and other natural advantages and favouring circumstances, might be turned richly to account.—*Terenkoczy*.

The vastness of our country and the sparseness of the population are serious hindrances.—*Grabsky*.

VII. Have your upper classes learnt to understand that it is incumbent upon them to study to make co-operation succeed as a means of benefiting the poor?

Unfortunately not generally. However, an advance is observable as being in progress.—*Zaremba-Cielecki*.

The wealthier classes in Galicia join in co-operative enterprise only to a small extent, here and there. To make up for this the local authorities study to lend a helping hand to co-

operation. Thus the *Landesausschuss* (the elective local Diet) promotes the formation of agricultural banks of the Raiffeisen type, and subsidises them with public money, but also inspects them. Assistance from public funds is also afforded to some productive and trading societies.—*Terenkoczy*.

Our so-called upper classes are too aristocratic in sentiment to care to support a movement designed to assist the poor.—*Grabsky*.

VIII. Are your agricultural and industrial classes in a position to carry on co-operation without assistance from the upper classes, and from officers of central institutions?

Since we have central institutions, there is no necessity for the formation of co-operative societies outside.—*Zaremba-Cielecki*.

Our peasantry and artisan classes cannot, with some few exceptions, do without the support and co-operation of persons of the wealthier classes or of public bodies. They require aid, not merely for the provision of a sufficient capital, but also for guidance and advice.—*Terenkoczy*.

No.—*Grabsky*.

IX. Have you any other observations to make?

Towarzystwa Kólek Rolniczych (Agricultural Societies' Union), formed originally purely with the object to render assistance to agriculture, has found itself compelled by the condition of things prevailing in Galicia to extend its operations into the province of ordinary distributive co-operation. The reason was this. The agricultural population found themselves badly robbed by the small tradesmen in towns from whom they bought their wares. To remedy this the Towarzystwa Kólek Rolniczych set up distributive stores in connection with the district associations, dealing in all the ordinary requirements of the peasantry. This has helped to bring down prices substantially, and has also improved the quality of the goods.—*Zaremba-Cielecki*.

Economic conditions in Galicia are no doubt favourable to co-operation, and it has not proved difficult to implant the

principle of self-help into the mind of the people, however, only so far as co-operative credit is concerned. If the same principle is to be made effective on other ground, more particularly on that of production and distribution, considerable capital and also intellectual power for guidance are likely to be needed. Why these are difficult to provide has been already explained under heads III. and IV.—*Terenkoczy*.

Our clergy, coveting power and hostile to enlightenment, are afraid of social movements, and accordingly are unfavourable to the idea of co-operation. On the other hand, our country schoolmasters are in a state of too great dependence and too little thought of to be quite suited for leading the co-operative movement.—*Grabsky*.

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## VII. BOHEMIA.

*Information furnished by Dr C. HORÁČEK, Professor of Political Economy at the University of Prague, and WILHELM NEUMANN.*

### I. When did the co-operative movement begin in your country?

Among the Czech population of Bohemia, Moravia, and Silesia about the fifties of the past century. At that time a number of credit societies of the Schulze-Delitzsch type were formed. The suggestion no doubt came from Germany. The Bohemian publicist Franz Simáček has the just merit of popularising the idea among the local population. Towards the end of the sixties a new impulse was given to the local co-operative movement by the working-men movement then in progress in Bohemia. A considerable number of distributive societies were formed, among them the "Onl" (beehive) of Prague, which numbered many thousands of members. There were also some productive societies. Unfortunately the movement did not prove permanently successful, owing no doubt to want of experience and of expert knowledge among its leaders, and excessive haste practised in organisation. The co-operative law of 1873 produced a favourable change. Under the new impetus by the end of the seventies a large number of credit societies had been formed, and the increase continued during the eighties. These societies united



to a union of their own, the "Jednota založen v Cechách, na Moravě a ve Slezsku." Quite lately a considerable number of societies of the Raiffeisen type have been formed, and likewise combined to a union.—*Horáček*.

There has been a co-operative movement in Bohemia since the sixties of the past century. It began with the formation of credit societies. Soon distributive societies came to be formed as well. Agricultural supply societies for the common purchase of fertilisers and implements, some of which also make it their object to sell members' corn in common, were formed more recently.—*Neumann*.

## II. How many co-operative societies has your country now, and with what number of members?

The figures are given in the statistics supplied by the "Jednota založen v Cechách, na Moravě a ve Slezsku."—*Horáček*.

There are no official statistics on this subject. The annual reports of the several unions permit a guess, but they are very incomplete, because a considerable number of societies are not in any union.—*Neumann*.

## III. What kinds of co-operative societies are there established in your country?

The form of society most largely represented is that of the credit societies of the Schulze-Delitzsch type, both with limited and unlimited liability. The latter were until lately the more numerous. However, unsatisfactory experiences made in the course of the liquidation of one has now made limited liability more popular. Credit societies of the Raiffeisen type are now multiplying. All other forms of co-operative societies, such as distributive, productive, warehousing, sale, play only a very secondary part.—*Horáček*.

There are credit societies, agricultural societies for the common sale of corn, agricultural societies for the common purchase of seeds, manures, and implements, agricultural drainage societies, dairies, industrial societies for the common purchase of raw material, distributive societies, bakeries, and societies for live-stock insurance.—*Neumann*.

#### IV. What material and moral results have been obtained in your country by means of co-operation ?

Generally speaking, the results, both moral and material, have been satisfactory. Of course there are exceptions; some societies have come to grief mainly owing to want of experience and expert knowledge.—*Horáček*.

Credit societies have successful material results to show; the moral results are not altogether favourable. For it is found that certain cliques and families exercise a considerable influence upon the managing committees. The agricultural corn storage societies (granaries) have not succeeded well, and many of them find it difficult to maintain themselves, in spite of substantial subventions from the State or the local Diet. The societies for common purchase of manures have proved more successful. Distributive societies have achieved satisfactory success, more particularly during recent years. The few productive societies that there are have little success to show. On the other hand, the co-operative bakeries opened during the past few years in manufacturing centres have certainly been successful.—*Neumann*.

#### V. Which are the causes, if any, which hinder the advance of co-operation? Are they to be found either in faulty legislation, or in the economic condition of your country, or in the character of the people ?

The development of our credit societies leaves nothing to be desired, and really forms one of the brightest spots among the achievements of self-help. The other forms of co-operative societies develop less satisfactorily. The reasons for these must not be sought in defective legislation, although no doubt our legislation leaves something to be desired, nor yet in the peculiar character or material condition of the population, but in a faulty application of co-operative principles.—*Horáček*.

Our law does not present any obstacles to the extension of co-operation. However, the presence of two essentially different races, who are continually at feud among themselves, acts as a serious hindrance, and prevents satisfactory progress.—*Neumann*.

VI. What circumstances are there in your country specially calculated to foster the growth of co-operation, either for the purpose of credit, or of distribution, or else for common sale or common production, such as occurs in co-operative dairies, or, lastly, for co-operative insurance?

Legislation better adapted to the circumstances, a spirit of enterprise, and a spread of the feeling of "solidarity" would no doubt stimulate the co-operative movement.—*Horáček.*

A closer union brought about between the agricultural and the industrial population in the prosecution of co-operative objects would no doubt favourably affect co-operation of every kind. By means of a regulated interchange between the two of agricultural and industrial produce, probably the middleman might be ousted from a good deal of his present trade.—*Neumann.*

VII. Have your upper classes learnt to understand that it is incumbent upon them to study to make co-operation succeed as a means of benefiting the poor?

No; a sense of the importance of co-operation is often found wanting among our upper classes. Whenever they take part in co-operative enterprise they do so, as a rule, because they find it to their own interest.—*Horáček.*

Our upper classes give no sign of an interest felt in co-operation.—*Neumann.*

VIII. Are your agricultural and industrial classes in a position to carry on co-operation without assistance from the upper classes, and from officers of central institutions?

As a rule co-operative societies must not count upon such assistance. As a matter of course they do very much better where they have a union to support them, no matter whether such support be of a moral or of an economic nature. Accordingly they would do well to form unions wherever such do not yet exist.—*Horáček.*

Our agricultural and industrial population are not in a position to practise co-operation without support from central institutions.—*Neumann.*

### IX. Have you any other observations to make?

Enterprise based upon self-help, which is the foundation of co-operative organisation, is unquestionably a sound principle, deserving of adoption. Our co-operative societies would do well to keep strictly true to this original object, and to avoid deviations such as those into which they have been occasionally misled. The reproaches frequently levelled at them of excessive greed of gain, the refusal to admit new members, want of experience shown in the management, &c., are not in every instance without foundation. There are not a few co-operative societies to-day which are to be distinguished from joint-stock companies not by any principle, but merely by the particular law under which they have been registered. If such societies will only return to their original principles, they may be trusted to accomplish the economic and ethical objects for which they were formed.—*Horáček.*

All Austria is since 1903 governed by a new law of inspection, which requires every co-operative society to be inspected at least once in two years, either by a public inspector appointed by the State, or else by a competent inspector appointed by a co-operative union, and not in any way connected with the society inspected. The inspector is called upon to examine the whole management in all its parts. This law promises to prove of considerable benefit to our co-operative societies. Also during the past few years organised labour has shown itself in an increasing degree alive to the advantages offered by co-operation, and this has had a very stimulating effect upon the distributive movement and made it to prosper.—*Neumann.*

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## VIII. NORWAY.

*Information furnished by O. DEHLI, Høiesteretsadvocat, of Christiania.*

### I. When did the co-operative movement begin in your country?

Distributive societies began to multiply in Norway about the middle of the sixties. By 1872 there were already about 180 such societies, with 20,000 members and annual sales to the extent of 4,000,000 Kr. After 1875 many of these

societies gave up business, or transformed themselves into ordinary business firms. The number increased once more after 1890, and by the end of 1895 there were 236 societies, of which 27 were to be found in towns, and 209 in rural districts. The collective membership amounted to 25,000, the greater part (19,500) belonging to rural societies. The collective sales stood at 9,500,000 Kr.

II. How many co-operative societies has your country now, and with what number of members ?

According to the latest returns (those for the close of the year 1900) the statistics are as follows :—

|                       | Rural Societies. | Urban Societies. | Total.     |
|-----------------------|------------------|------------------|------------|
| Number of Societies - | 229              | 24               | 253        |
| Number of Members -   | 22,540           | 4,749            | 27,289     |
| Sales - - - Kr.       | 10,800,000       | 1,411,000        | 12,211,000 |

These societies are variously organised, and one cannot say that they are all based on co-operative principles.

III. What kinds of co-operative societies are there established in your country ?

Chiefly distributive societies, but there are some more or less co-operative dairies, and some societies for common purchase of seed corn, fodder, manures, &c.

IV. What material and moral results have been obtained in your country by means of co-operation ?

During the first thirty years the movement did not find much favour in Norway, and subsequently it was difficult to obtain adherents. We have, therefore, not much result to show so far. But interest in the movement appears to be on the increase since a few years.

V. Which are the causes, if any, which hinder the advance of co-operation ? Are they to be found either in faulty legislation, or in the economic condition of your country, or in the character of the people ?

(1) The circumstances referred to in the answer to the foregoing question. (2) Unsatisfactory legislation. (3) The

difficulty experienced in getting our people to take up the matter.

VII. Have your upper classes learnt to understand that it is incumbent upon them to study to make co-operation succeed as a means of benefiting the poor?

To a very small extent.

VIII. Are your agricultural and industrial classes in a position to carry on co-operation without assistance from the upper classes and from officers of central institutions?

Yes, but a central organisation, which might benefit by the countenance of foreign societies, would be of great service.

## IX. ROUMANIA.

*Information furnished by Mons. DUCA, Director-General of the Creditul Agricol of Roumania.*

I. When did the co-operative movement begin in your country?

We confine ourselves in our reply to the case of the co-operative credit societies (agricultural banks), the first of which was formed about 1891, and which have since 1899 grown considerably both in number and in strength. All such societies are since 1903 subjected to the supervision of the Central Bank, which is a Government institution.

II. How many co-operative societies has your country now, and with what number of members?

There are at the present time 1,121 co-operative credit societies in existence. The latest statistical returns show their membership to have been at the time 59,844. At present it probably exceeds 150,000.

III. What kinds of co-operative societies are there established in your country?

There are no "mutual" societies.

IV. What material and moral results have been obtained in your country by means of co-operation ?

(a.) The material results obtained are these: the possibility secured for our agricultural population to obtain money at the rate of from 9 to 12 per cent., whereas in former times they had, apart from "agricultural credit" (a Government institution), which lent at 10 per cent. and had no branch offices established anywhere, only private capitalists to go to for credit, who practised usury on a large scale.

(b.) It is impossible to state what have been the moral results, seeing that the movement is at present only in its first stage.

V. Which are the causes, if any, which hinder the advance of co-operation ? Are they to be found either in faulty legislation, or in the economic condition of your country, or in the character of the people ?

There are no obstacles due to legislation hindering the development of co-operative credit; on the contrary, the law of 1st April 1903 secures to co-operative credit societies considerable advantages and simplifies the work of their formation and practice. It may generally be said that the movement is viewed with sympathy and meets with encouragement in all quarters. What little hindrances there are, are to be accounted for by the distrust of local people, by the want of knowledge of banking on the part of some managers, and, in the last place, by the obstacles besetting every new movement in its earliest stages.

VI. What circumstances are there in your country specially calculated to foster the growth of co-operation, either for the purpose of credit or of distribution, or else for common sale or common production, such as occurs in co-operative dairies, or, lastly, for co-operative insurance ?

What has mainly led to the formation of co-operative credit societies is the abuses of usury which used to be rife. The economic condition of a young country ought to prompt the formation of distributive societies. However, people are scarcely beginning to turn their attention to this matter.

VII. Have your upper classes learnt to understand that it is incumbent upon them to study to make co-operation succeed as a means of benefiting the poor?

Yes, with very few exceptions.

VIII. Are your agricultural and industrial classes in a position to carry on co-operation without assistance from the upper classes and from officers of central institutions?

The movement creating co-operative credit societies emanated from the agricultural classes, and it was only after it had shown its value that the upper classes and the State came to its assistance.

IX. Have you any other observations to make?

Probably at the Congress.

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## X. GREECE.

*Information furnished by* CONSTANTIN VOURNAZOS, *Professor at the University of Athens*; GEORGES PHILARETOS, *late Minister of Justice*; and A. THEODORIDES, *late Director of the "Currants Bank."*

I. When did the co-operative movement begin in your country?

Our co-operative movement has passed through two stages. The first belongs to the period when Greece was still subject to Turkish rule, about the year 1795, when the inhabitants of the village of Ambelakia in Thessaly combined to form a federation which had for its object the establishment of collectivism among owners of land, labourers, and capitalists. The second began in 1901 (see under IX. *b*). My book "The Gospel of Co-operation," published about that time, and my active propaganda in the press have probably helped to vivify the movement.—*Vournazos*.

After the conclusion of the treaty of commerce and navigation between Russia and Turkey, co-operative societies were formed among the Greek population for the building of sailing vessels, and also for the trade in corn, as well as some others. The former were established mainly in the islands of Hydra, Spetsai, &c., the second kind in Thessaly.—*Philaretos*.

Scarcely ten years ago.—*Theodorides*.



## II. How many co-operative societies has your country now, and with what number of members?

We have at the present time the following co-operative organisations in existence :—(a) The “Army Society,” having 2,436 members and 487,200 drachmas (francs) of capital. (b) The “Commercial Employees’ Society,” having 800 members. (c) The “Economic Union” formed in 1903 and not yet at work.

Moreover, a new distributive society, likewise a productive, a building society, a savings bank and pensions society, a society to ensure pensions to persons incapable of work, a credit society, and, in the last place, two co-operative pharmacies, and a restaurant modelled on the *Mangini* restaurants of Italy. In all, therefore, there are 12 societies, but 10 of only quite recent creation. The credit society has 5 franc shares, of which about 4,000 have been issued. The Commercial Employees’ Society has likewise 5 franc shares, of which only about 800 are placed. It includes a distributive store, a productive department for making articles of clothing and boots and shoes, a pharmacy, and a restaurant. It began business on 15th February last.—*Vournazos*.

There are no statistics.—*Philaretos*.

Only three, with a total membership of 2,000 to 3,000.—*Theodorides*.

## III. What kinds of co-operative societies are there established in your country?

We have some “mutual” societies, namely (a) The “Royal Agricultural Society,” of which King George I. is President, and which has about 500 members, and pursues the object of improving our agriculture. (b) The “Popular Credit Association,” of Pharsala, in Thessaly, which is a “People’s Bank,” with about 200 members. (c) The “Currants Bank,” a society having for its object the prevention of over-production of raisins, and the improvement of the quality of the fruit.—*Vournazos*.

The largest society is the Currants Bank (Σταφυλική τράπεζα); there is also a small bank at Domsko in Thessaly. And in Athens there is a military co-operative society which is distributive.—*Philaretos*.

Two of the three societies, both established at Athens, are distributive, viz.:—(1) The Army Co-operative Society for

officers, and (2) the Popular Co-operative Society formed only on 30th March 1904, which takes power in its rules also to set up cottage homes for its members. The third is a society for the protection of the interest of currant-growers at Ciato.—*Theodorides*.

#### IV. What material and moral results have been obtained in your country by means of co-operation ?

(a) An improvement in the social and physical condition of the population practising co-operation ; (b) a decrease of severe poverty, and an improved material condition generally ; (c) better execution of work carried on by co-operation, and accordingly an improved quality of articles produced ; (d) an increase of moral and social bonds uniting co-operators ; (e) a reduction of the cost of production, and an improved sale.—*Vournazos*.

The results are comparatively satisfactory.—*Philaretos*.

The material results obtained have thus far been insignificant.—*Theodorides*.

#### V. Which are the causes, if any, which hinder the advance of co-operation ? Are they to be found either in faulty legislation, or in the economic condition of your country, or in the character of the people ?

Such causes are to be found in the main in the prevailing ignorance of the population with regard to the benefits to be derived from co-operation. This is why co-operation is backward. We want missionaries to propagate it. We also want institutions adapted to stimulate private initiative. For nothing is here done without such initiative. And wherever we have associations we unfortunately also have, for want of appropriate laws and Government indifference, the abuses to which they are specially liable.—*Vournazos*.

The traditions of the people and the character of the people are distinctly favourable to co-operation. However, the absence of proper legislation, and the want of men who might take the initiative, hinder the progress of the movement.—*Philaretos*.

The character of the people and also the want of proper legislation. The people are strongly individualist in their

habits, and look upon progress to be secured by common effort as Utopian.—*Theodorides*.

VI. What circumstances are there in your country specially calculated to foster the growth of co-operation, either for the purpose of credit or of distribution, or else for common sale or common production, such as occurs in co-operative dairies, or, lastly, for co-operative insurance?

The first condition requisite to stimulate associative action is the creation of confidence in the association on the part of our population. And to create the wanting confidence it is necessary that the Government should intervene, on the one hand, to amend the existing laws on associations in general, and on bankruptcy in particular, whose victims at present are for the most part innocent people; and on the other, to establish a rigorous system of supervision applying to every kind of association. Associative action now inspires vague apprehensions of likely abuse, which are unfounded, but still have their effect. Government initiative is likewise necessary to strengthen co-operative spirit, and also an extension of credit on the part of the bank to all kinds of societies.—*Vournazos*.

Good examples set by co-operative societies, Government help, and the necessary publications to instruct the people.—*Philaretos*.

Our monopoly of the currant trade ought to help on the formation of co-operative sale societies. However, the natural disinclination to combine appears to place an insuperable obstacle in the way. At the time when the great "currant crisis" overtook us a few years ago, there was not a single sale society in existence. It was then that the legislation intervened to prevent an excessive fall in price, enforcing co-operation for the purpose of sale by the law of 1899.—*Theodorides*.

VII. Have your upper classes learnt to understand that it is incumbent upon them to study to make co-operation succeed as a means of benefiting the poor?

Unfortunately, no. Only King George I. of Greece has since recently betokened a warm interest in the "Royal

Society of Agriculture," and a desire to develop it, which may lead to good results, although the action of that society is for the present still inconveniently restricted.—*Vournazos*.

Our governing classes do not yet in the least realise that they owe a duty to their weaker neighbours.—*Theodorides*.

Unfortunately, no.—*Philaretos*.

VIII. Are your agricultural and industrial classes in a position to carry on co-operation without assistance from the upper classes, and from officers of central institutions?

Generally speaking, no. There are exceptional cases. But on this ground success is very precarious, as is shown by the experience, on the one hand, of the "Economic Union," which has got no further than the publication of its rules, without achieving any other results; and of the "Commercial Employees' Association," on the other, which was formed at my suggestion, but which exhibits an utter absence of energy and progress. The matter would stand differently altogether if we had central societies to stimulate by means of their officers.—*Vournazos*.

I take it to be difficult.—*Philaretos*.

Our agricultural and industrial working population are still incapable of embarking in co-operation by themselves.—*Theodorides*.

IX. Have you any other observations to make?

(a.) I should wish to make the following observations:—Societies similar to the Russian "artels" are possible in this country. Such associations, formed by tailors, are met with in several villages of the Peloponnesus. A few tailors combine with their apprentices and supply a certain district, their customers being required to support them, and to furnish them with the necessary materials for making their clothes.

(b.) The society of the village Ambelakia in Thessaly was formed for the purpose of counteracting certain abuses which were found to attach to the feudal system as practised under Turkish rule, and brought about a veritable catastrophe in respect of holdings and the income derivable therefrom. The action of the society, which was dissolved in 1810, consisted

in this, that large proprietors combined to offer their land collectively for cultivation to labouring folk, who were to be remunerated by a share in the profits obtained, the whole thing to be done with the help of capitalists intervening to supply the necessary capital of 100,000 francs. This shows that co-operation is in Greece really of rather respectable antiquity.

(c.) We have co-operative institutions of a different sort still, namely, "Fishermen's Unions," which are designed to enable fishermen to obtain better results from their ocean fishing, and also to improve the conditions of markets. There are such societies in existence at Spetsai, at Idra, and at Psarra in the *Ægean* Sea.

(d.) The "Currants Society," popularly known as the "Currants Bank," has unfortunately failed to attain its main object, which was, to prevent the over-production of currants. This is attributable to the fact that we have no entrepot or docks in Greece, and also no suitable legislation with regard to the provision of warehouses in which excess produce might be stored against a better occasion for placing it on the market.—*Vournasos*.

No.—*Philaretos*.

If among a population absolutely lacking in all aptitude for co-operation we are to have any co-operation at all, it is indispensable that the State should intervene. The example of the currant-growers is a telling case in point. Everything seemed to point to success in selling in view of our national monopoly. However, facts brought about failure, and without our present law limiting the output (abroad) there would have been ruin. That law compels the producers to stock a fixed portion of their crop (20 per cent.) in public warehouses. The stock so returned becomes *ipso facto* the property of a bank formed under the same law. Such stock is not sold except to large industrial establishments whose owners enter into a covenant not to export any of it, but to consume it all, under State supervision, in their own establishments. The yield of such sales, after deducting management expenses, duty, &c., becomes the working capital of the bank, which is in truth nothing but an enforced co-operative society of producers. They receive no dividend on their share of the money, but the bank makes them advances, and supplies them with materials necessary for the cultivation of their vineyards. The effect has been that the price of currants has gone up once more.—*Theodorides*.

## XI. ICELAND.

*Information furnished by THORHALLUR BJAERNARSON, President of the  
"Bísnadarfélag Islands."*

- I. When did the co-operative movement begin in your country ?

In the middle of the nineteenth century.

- III. What kinds of co-operative societies are there established in your country ?

Trade societies, dairy societies, different kinds of agricultural and breeding societies, various kinds of industrial societies, ship-assurance societies, boat-assurance societies, refrigerating societies, and several kinds of fishing societies.

- IV. What material and moral results have been obtained in your country by means of co-operation ?

Improved prices, increased and improved production, and more certain employment.

- V. Which are the causes, if any, which hinder the advance of co-operation ? Are they to be found either in faulty legislation, or in the economic condition of your country, or in the character of the people ?

The dispersion and consequent semi-isolation of the agricultural population, and the want of adequate means of communication. Also the population do not yet appear to have awakened to a sense of the value of co-operation.

- VI. What circumstances are there in your country specially calculated to foster the growth of co-operation, either for the purpose of credit or of distribution, or else for common sale or common production, such as occurs in co-operative dairies, or, lastly, for co-operative insurance ?

Better information about the advantages of co-operation, and some connection with the distributive associations of other countries.

VII. Have your upper classes learnt to understand that it is incumbent upon them to study to make co-operation succeed as a means of benefiting the poor?

They have.

VIII. Are your agricultural and industrial classes in a position to carry on co-operation without assistance from the upper classes and from officers of central institutions?

In Iceland the difference between the poorer and wealthier classes is not so marked as in other countries of Europe. As a rule it is the more educated and wealthier men who take up the co-operative propaganda.

IX. Have you any other observations to make?

No.



## **SECOND PART.**

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### **Reports on the Present Condition of Co-operation in Various Countries.**





## I. CO-OPERATION IN HUNGARY.

By Count JOSEPH MAILÁTH, *Member of the House of Magnates.*

### I. SOCIAL DECLINE AND REVIVAL.

THE economic and social condition of the humbler classes in Hungary is in many respects a matter of reproach to Hungarians. Formerly people were of opinion that this was the unalterable result of things as Providence had ordered them. But ever since an attempt was made to follow the example of the nations of the West, people's minds became seized with revolutionary discontent, which has often threatened to shatter the foundations of social order. The danger arising from this is all the greater since destructive factors, not themselves directly interested in the question, have taken advantage of the social problems newly raised to profit by the disturbance.\*

Without doubt society is to blame for not addressing itself earlier to a consideration of the social evils existing. But it ought to be borne in mind that the hurried legislation of 1848 had thrown everything in Hungary out of gear. Social relations had been turned topsy turvy, long-standing ties severed, links of interdependence snapped. There was enmity and distrust where formerly there had been confidence and friendly touch. The whilom leaders in social reform had become reputed antagonists. All this as a matter of course militated against social reform and impeded it.

After 1848, also, politics acquired a rule over men's minds. Such obsession became all engrossing after 1867, in which year the new political arrangement was concluded with Austria. The Anarchist movement which broke out among the rural population in the nineties, found the Hungarian

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\* Count Stephen Tisza, writing on "Socialism and the Church," says: "This (the Socialist agitation) has not been begun by the working classes; nor is it those who are really the fellows and friends of the working men, the sharers of their sorrows and their interests, who have set it in motion. The working classes have been set upon by depraved members of the educated and half-educated classes who find in this agitation, which they practise as a trade, a means of subsistence. . . . Carefully avoiding a conflict with the authorities, employing every favourable occasion to extract money from the pockets of the people, they do nothing but make fools of the people and live upon them. There is no genuine Socialism in this."

State and Hungarian society altogether unprepared. It was accepted as an unavoidable visitation of Providence, and good men felt honestly distressed by it. The result, however, showed that this social upheaval, troublesome as it was in itself, ultimately served an admirable end and produced excellent results. It awakened the public mind to the presence of social evils and made people eager to remedy them.

One of the principal curative methods employed in Western countries in dealing with poverty, backwardness, and discontent, so we knew in Hungary, had been co-operation. Some of us had the honest wish to apply it among ourselves. However, circumstances were wholly adverse, and even the law stood in the way. For under the law of 1875 we could not expect healthy co-operation. The main evil, however, was that, after the changes that had taken place, severing classes from one another which had formerly been interdependent, nobody seemed to care about working folk. There was indifference writ large everywhere, and Gournay's favourite motto, "*Laissez faire, laissez passer*," was nowhere held in greater honour. A powerful impulse was what was wanted. The small people, deprived of their whilom protectors, were kept in hopeless thralldom by usurers who had become their reputed "benefactors." It was usury above all things that had to be rooted out.

There was one man who seemed to understand the position of things, and that man was Count Alexander Károlyi, who has been deservedly christened the "father of Hungarian co-operation." He saw where the shoe pinched; he discerned what must be the remedy: co-operation, and above all things credit co-operation, to enable the people to throw off the yoke of usury and emancipate themselves once more. He resolved to head the reforming movement. However, the task was a trying one. Official opinion was dead against anything that might be called co-operation. To strengthen the effect of official antagonism, there was, as has been already observed, general indifference. It was not till in the nineties that co-operation made any real progress. Opposing interests, with whose monopoly it might interfere, had ranged themselves against it, and for a long time, argument, humane feeling, and the excellent precedents pointed to elsewhere, proved unavailing. However, in the course of time, the merits of co-operation asserted themselves beyond the possibility of challenge. Baron Dezső Bánffy's ministry was not in itself favourable to co-operation. But it found itself compelled to remove the legal difficulties standing in its way by

passing the law of 1898. Under this law the Hungarian Central Co-operative Society, about which more will presently be said, came at once into existence. M. Coloman de Széll, who became Count Bánffy's successor in office, took up a more friendly attitude still. Under such stimulus co-operation advanced and extended. At the present time there are more than 1,600 agricultural and industrial credit societies affiliated to the Hungarian Central Co-operative Society already spoken of. They are doing unmistakable good in respect both of agriculture and of industry. On industrial ground help like theirs was badly wanted to reanimate small industry, which had almost disappeared under stress of competition with large factories and with the Lancashire mills. Our little banks are there exerting themselves in the best fashion, at once bringing relief which promises better things, and keeping the co-operative movement distinct from the unruly agitation which aims at political disturbance and economic destruction. As for the agricultural credit societies, scarcely anything need here be said. The admirable effects of co-operative credit applied to rural society are generally recognised. The trouble which a little while ago beset small agriculture at every step and seemed insuperable, now appears to melt away, once self-help can provide money for improvements. The progress is perhaps most marked in our southern districts, where only a decade ago usury was still rife, but where to-day people are raising up self-help institutions with excellent effect. Our rural co-operative banks affiliated to the Hungarian Central Co-operative Society hold a congress every year in connection with the Hungarian Agricultural Society and the Central Society "Hangya." And these congresses serve the furtherance of the co-operative movement remarkably well. Numbers of societies there form their minds by discussion, not on purely co-operative questions only, in which recognised leaders of the movement take the lead. And by such means sound economic opinions are diffused, and that moralising, elevating element is kept supreme which is distinctive of genuine co-operation. There is more. Co-operation is applied to dairy work, to fruit growing, to the manufacture of more finished products out of agricultural produce, to the manufacture of goods out of that hemp and flax which we cultivate rather extensively in our lowlands. Sanatoria are being constructed and deserving workmen and servants are given becoming rewards. In a word, thanks to co-operation and union, social reform is making way for the benefit of those among whom it is being extended, that is, small farmers and labouring folk. Nothing

unfortunately has yet been done to keep people "on the land." However, something seems in near prospect.

Looking at all these things, I think I may say that whatever our neglect has been in the past, we have now buckled to reforming work in good earnest, with judgment and with excellent results already showing themselves to encourage us to persevere and proceed further on the same lines. We have a definite aim before us; we know now what we are working for; and we know that the instruments with which we are working are the proper ones. We know that as we proceed we shall gather fresh vigour and be able to cast out our net further, bringing new elements to be benefited within its meshes. We are not yet where we hope to get, but every year's work sees us arrive at the end of a further stage, and so advancing, I think we may rely upon eventually reaching our destined goal.

## II. THE STORY OF THE GROWTH OF HUNGARIAN CO-OPERATION.

The co-operative movement in Hungary dates its existence from about a half-century back. Schulze-Delitzsch in his letters bears frequent witness to the fact that the interest in co-operation betokened in Hungary was great. But the absolutist *régime* of the time during the "fifties" and "sixties" stood in the way of active work. Interest in the co-operative movement could only be awakened in a few ranks of society. The characteristic feature of the co-operative movement in Hungary is that only a few indefatigable pioneers have succeeded in banishing the indifference and attracting the attention of the various classes of society to the great power embodied in the co-operative idea.

This has been achieved in spite of the more or less open or secret opposition of the political power and authorities, who regarded these endeavours with jealousy. This condition clearly shows that they no longer seek to retard this healthy breath of co-operation coming from the west. But it also shows that the State under the growing pressure of public opinion endeavours to help by co-operation where social evils have been observed. We cannot therefore regard the help which the Government has extended to individual co-operative associations as the result of a well-planned and well thought-out work, and it is also not so abundant as readers may imagine when they read the list of State subventions which accompanies my report.

Wherever in Hungary co-operative associations began

with private action they increased and grew stronger by self-help in proportion as co-operative spirit prevailed, and only in very few cases were they accompanied by the sympathies of the State officials. We started with rudimentary credit banks, formed as friendly societies, to procure credit for small tradespeople in their several towns. The first was the Beszterce Savings Bank and Aid Society formed in 1851. Its members all belonged to the industrial class. Its method was to raise some modest funds by small weekly instalments in order to lend out such money in advances made to members. The amount of deposits collected determined the amount of advances to be made, the advances being repayable by weekly instalments. The bank allowed 5 per cent. on deposits, and charged 6 per cent. on loans.

The experiment was successful enough to suggest imitation. M. Sigmund Gámán, now Secretary of the Chamber of Industry and Commerce in Kolozsvár, obtained the sanction of the Government for the formation of a second society in his own town, and in 1858 the "Kolozsvár Savings Bank and Aid Society" began business. Similar credit institutions sprang up elsewhere, the object kept in view being in each case the procuring of credit for small tradespeople.

At that time there was absolutely no other convenient source of credit open to small tradespeople and the peasantry. And these people wanted savings banks as well. The savings banks in existence were few and far between. As for giving credit, their employment of money was confined to loans on mortgage on large estates, and advances to large firms, leaving the small folk at the usurer's mercy. There was a wide field then, open for cultivation with the help of ideas such as those of Schulze-Delitzsch. A few zealous philanthropists set their hands to the task, and so co-operative credit banking came into existence. However, people departed from the German example in this that, thinking more of collecting capital than of providing credit, they abandoned Schulze's principle of unlimited liability.

For a long time credit banking continued the only form of co-operation known in Hungary. Nobody yet thought of any other. Even in respect of credit banking the movement was desultory and lacked anything like a certain aim. Something like a systematic movement was first created among the civil service. But their co-operation still retained the garb of friendly societies. In most large towns a friendly society might be found which took their small payments in shares, and provided them with credit at a moderate rate of interest. However, interest on capital was strictly limited.

Not much advance was made in the sixties and seventies. A few societies of a different order sprang up here and there, marked by no uniformity or common union, nor had they any connection with one another. People at that time did not realise the difference between joint-stock and co-operative enterprise. The Hungarian law of 1875 at length taught people to distinguish, by providing a legal definition of co-operation.

However, even as a law the measure of 1875 was faulty. It limited neither the number of shares to be taken up by one person, nor the interest on capital. The consequence was that a fair proportion of the societies formed under it drifted back into joint-stock organisation. The spirit of co-operation was not yet understood. And co-operation, urgently needed as it was, continued in the slough of despond. Nobody really cared to take it up. The upper classes held aloof.

The effect of this was not slow in showing itself. The wrong men were placed at the head of co-operative societies, and led them into failure and bankruptcy.

Again, co-operative societies were made, by usurers finding the capital, to serve as a mask for usury. We have still got such societies. But their number is steadily decreasing.

The table on next page shows how in this comparatively early period co-operative credit banks developed. The figures, unfortunately, are not quite exact, but they come pretty near the mark.

There was little sign of progress in this.

However, there was an important new departure made on co-operative lines in another direction, the creation of a co-operative system of mortgage credit. The Hungarian Parliament in 1848, when legislative power was still altogether in the hands of great landlords, did itself honour by decreeing the end of serfdom, with no motive except humane feeling to prompt the step. No compensation or redemption was claimed from the ex-serfs, and the consequence was, that the landowners, losing unpaid labour and gaining nothing in return, found themselves in serious embarrassment. Failing unpaid labour, they must provide themselves with more working capital. However, at that time there was but little capital laid up in Hungary, and there were few financial institutions, if any, to help. However, money there must be, or the land must go out of cultivation. In the end a new device was hit upon. In 1858 the National Hungarian Agricultural Society took the matter in hand, and in 1862, on its initiative, the Hungarian Land Credit Bank was called into being to serve

## Co-operative Credit Banks, 1862-1885.

| Year.      | Number of Societies. |            | Co-operative Credit Banks at the end of the Year. |                |               |                   |                         |                               |                  |  |
|------------|----------------------|------------|---|----------------|---------------|-------------------|-------------------------|-------------------------------|------------------|--|
|            | Formed.              | Dissolved. | No.   | Share Capital. | Reserve Fund. | Savings Deposits. | Money lent on Mortgage. | Bills of Exchange Discounted. | Simple Advances. | Money Advanced on the Security of Effects. |
|            |                      |            |   |                |               |                   |                         |                               |                  |  |
| In Crowns. |                      |            |   |                |               |                   |                         |                               |                  |  |
| 1862       | 1                    | ...        | 3   | 20             | 14            | 240               | ...                     | 266                           | ...              | ...  |
| 1863       | ...                  | ...        | 3   | 36             | 16            | 432               | ...                     | 474                           | ...              | ...  |
| 1864       | 4                    | ...        | 7   | 70             | 20            | 966               | ...                     | 930                           | ...              | 42   |
| 1865       | 6                    | ...        | 13  | 110            | 30            | 1,576             | ...                     | 1,562                         | ...              | 26   |
| 1866       | 9                    | ...        | 22  | 272            | 40            | 1,928             | ...                     | 2,026                         | 24               | 16   |
| 1867       | 7                    | ...        | 29  | 338            | 56            | 2,740             | ...                     | 3,078                         | 46               | 16   |
| 1868       | 14                   | ...        | 43  | 454            | 70            | 3,932             | ...                     | 4,170                         | 130              | 140  |
| 1869       | 17                   | ...        | 60  | 604            | 94            | 5,138             | ...                     | 5,484                         | 282              | 162  |
| 1870       | 42                   | ...        | 102   | 828            | 126           | 6,516             | 38                      | 6,630                         | 604              | 310  |
| 1871       | 37                   | ...        | 139   | 1,064          | 146           | 7,510             | 96                      | 8,100                         | 1,074            | 280  |
| 1872       | 39                   | ...        | 178   | 1,620          | 186           | 8,388             | 400                     | 9,754                         | 1,268            | 270  |
| 1873       | 31                   | 1          | 208   | 13,704         | 232           | 3,640             | 2,114                   | 8,670                         | 2,624            | 40   |
| 1874       | 21                   | .9         | 220   | 20,580         | 484           | 6,318             | 4,374                   | 15,154                        | 2,770            | 206  |
| 1875       | 23                   | 19         | 224   | 27,584         | 710           | 7,696             | 6,270                   | 16,760                        | 3,862            | 358  |
| 1876       | 21                   | 18         | 227   | 28,086         | 744           | 13,624            | 4,992                   | 14,898                        | 3,134            | 354  |
| 1877       | 27                   | 22         | 232   | 25,094         | 740           | 15,500            | 5,042                   | 17,150                        | 3,480            | 716  |
| 1878       | 14                   | 13         | 233   | 26,118         | 854           | 17,038            | 5,896                   | 17,748                        | 1,516            | 740  |
| 1879       | 18                   | 11         | 240   | 28,064         | 1,066         | 20,036            | 6,848                   | 18,818                        | 1,458            | 868  |
| 1880       | 19                   | 10         | 249   | 29,506         | 1,140         | 22,662            | 8,026                   | 19,880                        | 1,810            | 1,116                                      |
| 1881       | 35                   | 13         | 271   | 30,368         | 1,274         | 25,554            | 8,828                   | 24,060                        | 1,120            | 1,254                                      |
| 1882       | 48                   | 14         | 305   | 31,436         | 1,450         | 29,014            | 8,380                   | 24,424                        | 2,020            | 1,526                                      |
| 1883       | 51                   | 16         | 340   | 35,330         | 1,598         | 32,838            | 9,382                   | 27,696                        | 2,492            | 1,504                                      |
| 1884       | 24                   | 2          | 362   | 39,260         | 1,838         | 35,190            | 12,062                  | 33,174                        | 1,454            | 1,202                                      |
| 1885       | 50                   | 14         | 398   | 47,352         | 2,266         | 36,400            | 12,214                  | 36,110                        | 1,608            | 1,114                                      |

as a great national mortgage bank. It is without question co-operative. It raised a capital at once of 3,354,000 crowns, subscribed by 209 founders, all of them large landowners, who paid down one-tenth of the amount in cash and gave promissory notes for the balance. The capital thus subscribed was to be repaid as the reserve fund increased. Out of the money so raised, and to be subsequently increased, the bank was, according to its articles of association, to make advances on agricultural real property at a moderate rate of interest, up to half the ascertained value of the property, repaying itself gradually by a sinking fund. The system, shaped on the model of the Prussian *Landschaften*, is genuinely co-



operative, because all the proprietors stand together, pledging all their property in common as security. The system of administration is also co-operative. Both founders, *i.e.*, so to speak, shareholders, and mortgagors (debtors), have votes in the general meetings, the debtors directly, if their loan amount to 100,000 crowns; indirectly, by the election of representatives, if the loan be smaller.

The principle of co-operation in this application succeeded brilliantly, providing the very cheapest money to be obtained on the security pledged, but people naturally turned their thoughts to its application on other ground. Up to the close of 1903 the Land Credit Bank advanced no less than 662,500,000 crowns on mortgage, and in addition 74,100,000 crowns for improvement purposes. It never lends below 2,000 crowns in one loan. The majority of loans are much larger, exceeding 100,000 crowns. The success was so marked that in 1879 another similar Land Credit Bank was formed on the same model, for small proprietors, bearing the name of the Small Farmers' National Land Credit Bank. The State endowed the bank with a loan of one million crowns granted free of interest. The balance of the capital was made up as in the other case, by shares (upon which interest was limited to 5 per cent.) taken up by "founders." The lowest loan to be made was to be 600 crowns. However, in 1902 the limit was reduced to 300 crowns. The bank had, at the end of 1903, 56,000,000 crowns outstanding in mortgage loans. One-half of these loans keep within the limit of 2,000 crowns, and only very few exceed 5,000 crowns each. The bank is therefore without question a *bonâ fide* small proprietors' bank. Both these banks enjoy a certain amount of State protection in the shape of privileges facilitating recovery.

Co-operation had now so far proved its utility, that it might well be applied to other uses, such as generally are considered to deserve the name of co-operation. The next co-operative institution formed was the Budapest Central Co-operative Creamery, which on the initiative of the Agricultural Ministry, was founded in 1883 by 51 members, who among them took up 116 shares of 800 crowns each. The members are all tolerably large proprietors, whose properties are situated within the proximity of the capital, and who regularly send their milk to the creamery. The creamery proved a success. By the end of the year 1903 the number of its members had risen to 83 with 431 shares, and the milk delivered in the year amounted to 12 million litres.

Almost contemporaneously a few co-operative vinegrowers'

societies were formed after the model of those on the Ahr and the Moselle, but they proved very short-lived. Otherwise co-operation remained inactive in its application to agriculture.

However, some distributive stores sprang into existence to lead for the most part a troubled and short life. So things went on until about the middle of the eighties. Co-operation had shown its mettle, it had tried its power on varied ground; but it remained confined in its application to a narrow sphere. It never spread out into the main agricultural district of the wide Hungarian plains. One great hindrance to its advance was the unfortunate want of capital and of credit.

The year 1886 ushered in a new epoch. New leaders now entered upon the scene, one above all others deserving mention because with his noble devotion and generous aid in money he really inspired new life into the movement. That leader is Count Alexander Károlyi. At his instance the County Council of Pest-Pilis-Solt-Kis-Kun decided in the year named on the formation of a county credit society. This institution was formed on the old approved Hungarian plan. The capital was subscribed in 100 florin (200 crown) shares by the county and by a number of landowners, who among them took up 800 shares.

Here was money to begin with. However, the main advantage of the county taking up the matter was that public servants considered it their duty to promote the undertaking with their influence, and bestirred themselves actively in its behalf.

The plan of organisation pursued was what is called beginning at the top. The county society at once set to work forming affiliated local societies in their several districts. It managed to overcome obstacles not only of organisation but of indifference and doubt, and within a few years the county found itself studded with local banks, and the county society extended its operations over the whole available area. By means of the local banks, which are administered by their own members, who are also its customers, it managed to reach the small cultivators, the peasantry, whose distrust has been completely vanquished and who readily come to it.

Such results at once made co-operation popular throughout the country. The indifference of the intelligent classes vanished as they recognised the great economic, social, and political value, and people became eager to take up the cause in their own districts. In 1892 the County of Pest Society found itself called upon to extend its work beyond its original limits. It set up local banks in other parts of the country,

most notably in Transylvania, where the eminent apostle of co-operation, Dr Stephen Gidófalvy, became an active champion of its cause.

In 1896, after ten years' existence, the Budapest Credit Bank found itself advanced to the rank of a national institution. With the help of the first and greatest Hungarian savings bank—Pesti Hazai Első Takarékpénztár Egyesület—it formed the Central Credit Bank of the Hungarian co-operative societies, the capital of which is provided by 5,000 foundation shares of 100 florins each, on which interest is limited to 4 per cent.

This is by no means a purely agricultural organisation, nor are its operations and its membership confined to credit societies. It embraces co-operative societies of all sorts, industrial as well as agricultural. Putting fresh vigour into the work, the new Central Bank up to 1898 established co-operative societies in 465 localities, providing loan money to the amount of 14,000,000 crowns. These 465 credit banks have from 102 to 115 members each, with shares to the value of 11,000,000 crowns; the annual amount of business then totalled up to 180,000,000 crowns. Other central institutions now entered the field in good earnest. A central institution was formed in the county of Borsod early in 1893. Only a few months after, the county of Maros-Torda followed suit. The county council then voted 40,000 florins (80,000 crowns) for the county centre, in addition to 60,000 florins foundation capital, subscribed by private members. Then, again, in the same year, the county of Komárom started a similar movement, contributing 15,000 florins from public funds, to which the county agricultural society added 5,000 florins.

Quite an independent co-operative movement had meanwhile entered upon the scene in Transylvania. The "Saxons" of that country are very self-contained, and love doing things by themselves. With the support of the savings bank in Nagy-Szeben, and under the expert guidance of Dr Charles Wolff, they set about forming co-operative societies of the Raiffeisen type on the strict model of those originally started on the Rhine. They created their own "union." Within the borders of Transylvania these Raiffeisen societies are doing admirable work. The authorities everywhere support them, recognising the public good which they do. But they have not extended their sway, like the Pest society, beyond the limits of their own comparatively narrow district. Their number is at present 85. However, in other districts other people, as distinctively faithful to their own peculiar nationality, took

up the same work. Raiffeisen unions were soon after formed among the Servians and Roumanians of Hungary.

With such encouragement to stimulate it, the co-operative movement made good progress in the nineties. The number of societies increased rather rapidly. The more educated classes stepped out of their reserve and indifference, and lent a helping hand. Of course faulty societies were formed here and there and came to grief, which latter result was rather an advantage to the movement. A more serious trouble to be contended with was this, that it was found that not a few societies, relying upon the easy credit offered, had started with an altogether insufficient capital of their own, and accordingly soon found themselves crippled or hampered.

Under such circumstances it was considered the duty of the State to interfere. Up to that time it had done little, allowing the co-operative movement to work out its own salvation. Now it felt called upon to assist with credit, on the one hand, but at the same time also to provide for stricter control and supervision, so as to keep the young societies out of harm. The old law of 1875 made only very inadequate provision for this. A new law was held to be necessary, and it was adopted in 1898. Under the new law co-operative societies may be formed only subject to the approval of the authorities, or of some public institution, such as the agricultural society, the chamber of commerce and industry, or with the co-operation of the Central Credit Bank.

In respect of their work, societies are now restricted to their own parish, or some well-defined narrow area. Interest on capital is limited by the law to 5 per cent. as maximum. And members' liability for their society is extended to five or ten times the value of their share.

The law, which to some extent weakened individual societies, had the useful effect of prompting them to combine to a union for mutual strengthening. The new union was formed on 4th December 1898, and christened the National Central Credit Association. Its foundation capital was supplied by the Government, some corporations, and some private persons, in the shape of shares of 1,000 crowns each, the Government making a fervent appeal to the people on its behalf. The King also took shares to the value of 50,000 crowns out of his private fortune; the State subscribed one million crowns. Thus the share capital of the new union was at once brought up to 3,030,000 crowns (£121,200), and, by the end of the year 1903, it stood at 4,299,000 crowns (£171,960). Interest on shares is strictly limited to 4 per cent. At the proper time the shares are to be repaid. For,

although the union must necessarily begin with outsiders money, the intention of the Legislature is that gradually the capital is to become the members' own. However, it is provided that every society shall subscribe one or more shares of 200 crowns each (which involves liability to the extent of 1,000 crowns) in proportion to the business done by it.

The Central Society is entitled to appoint one member on the council of control and one on the executive committee of each society affiliated to it, and, in addition, to supervise and direct its business. Upon an affiliated society losing half its share capital, the Central Society acquires the right to put it into liquidation and dissolve it at its pleasure. Its claims against any such society also rank by law in priority to any other claims.

The Central Bank is in its turn supervised and controlled by the Government. To make the control effective the Government nominates a special Commissioner to take charge of the business, and he has the right to issue a protest against any decision come to by the executive committee and to report the matter to the Government. The Minister of Finance nominates two members of the executive committee of the bank, and the King, on the recommendation of the same Minister, appoints the president of the bank; the two Vice-Presidents being appointed one by the Minister of Commerce, the other by the Minister of Agriculture. It is the office of the National Central Credit Co-operative Association to supply the societies affiliated to it with such capital as they want. To meet these demands it has a credit of some millions of crowns, found by the State, at its disposal at a very moderate rate of interest. Further to add to its resources, numerous county authorities have deposited with it considerable sums of trust moneys for widows and orphans. Thus endowed, the Central Bank makes use of the general credit market, passing on the bills which it takes from local societies to re-discount elsewhere and employing its own credit as occasion may require. It is also empowered to issue interest-bearing bonds in return for the promissory notes which it holds from members of local banks, brought to it for discount by those banks. The law referred to makes such bonds negotiable instruments, which has secured for them a ready market. To secure these bonds the law requires that the Bank should raise a special guarantee fund of 3,000,000 crowns, to be added to by allocation each year of 10 per cent. of the accrued profits. In no case is the guarantee fund to fall short of 10 per cent of bonds in circulation.

Not to embarrass the Bank at starting, the State itself provided the first funds of the guarantee fund, laying down 3,000,000 crowns in Government bonds.

In dealing with the local banks the National Central Credit Co-operative Association is empowered to ask for security both against the original debtor and also against the endorsers of the promissory notes received by it, so as to be able to proceed summarily without proving its claim or its imperilment.

The law grants other valuable privileges, such as that of covering any deficit occurring by the income not meeting the expenditure, out of the interest accruing on the bonds held for the State. Were this to prove insufficient, the Exchequer has standing instructions to make up the difference to the extent of 100,000 crowns in one year. Finally, the Central Credit Co-operative Association enjoys exemption from all taxation. The societies affiliated likewise are secured valuable privileges under the law, as a means of attracting them into the union. Against their own members their claims rank in priority of other claims, just as the Central Association's claims rank against them. And like the Central Association they are exempt from fees and taxes.

The National Central Credit Co-operative Association began work in 1899 by remodelling the older local credit bank in accordance with the provisions of the new law. It naturally took the place of the older Central Bank established by Count Károlyi, which was accordingly dissolved. That done, the Central Association proceeded to the formation of new societies, which have done well, and, generally speaking, the results of the new legislation have proved successful. At the close of 1903 there were 1,653 societies affiliated to the National Central Credit Co-operative Association, with 366,721 members, and shares to the nominal value of 34,000,000 crowns, the half of which has already been paid up. The affiliated societies cover an area of 5,446 distinct communities; their collective savings deposits amount to about 21,000,000 crowns, and the reserve capital to 2,300,000 crowns. They have a credit allotted to them at the Central Credit Society of 39,000,000 crowns.

As a means of promoting the extension of co-operation and of exercising effective control, the National Central Credit Co-operative Association has appointed for certain districts, extending to one or more counties, a representative bureau, forming a local union of co-operative societies in the district.

The following figures show the increase in the number and business of the societies attached to the National Central Credit Bank at the end of each year:—

|                                     | 1899.      | 1900.      | 1901.      | 1902.      | 1903.      |
|-------------------------------------|------------|------------|------------|------------|------------|
| No. of Societies -                  | 712        | 964        | 1,287      | 1,511      | 1,653      |
| Number of Members -                 | 141,623    | 193,605    | 253,702    | 317,854    | 366,721    |
| Number of Shares -                  | 278,346    | 383,576    | 529,064    | 617,922    | 700,273    |
| Collective Share Capital (crowns) - | 14,789,077 | 19,976,277 | 25,803,105 | 30,527,763 | 34,040,734 |
| Paid-up Share Capital (crowns) -    | 6,521,055  | 8,137,124  | 10,864,183 | 14,050,495 | 17,146,021 |
| Savings Deposits (crowns) -         | 5,532,589  | 7,782,372  | 10,388,381 | 14,877,332 | 21,190,955 |
| Reserve Funds (crowns) -            | 590,900    | 794,592    | 1,195,600  | 1,641,242  | 2,284,738  |

The figures show that the number of societies has more than doubled in two years. The societies are nearly all credit banks, which fact is due to the peculiar Hungarian legislation which permits the National Central Credit Co-operative Association to enrol only such without special permission from Government.

The societies affiliated to the Central Credit Association make advances to their members at fair rates of interest. Should their own resources not suffice, they have power to draw upon the Central Credit Bank for twice the amount of their collective share capital. In this way the following sums were made available to societies within the past five years:—In 1899, 11,910,000 crowns; in 1900, 26,282,000 crowns; in 1901, 35,594,000 crowns; in 1902, 42,599,000 crowns; in 1903, 46,250,000 crowns.

However, quite apart from such assistance, the resources in capital of the societies can be shown to have been in themselves considerable. They stood as follows at the close of each of the past five years:—In 1899, 12,644,000 crowns; in 1900, 16,700,000 crowns; in 1901, 22,447,000 crowns; in 1902, 30,568,000 crowns; in 1903, 40,620,000 crowns.

In 1903 the Central Credit Bank began to advance money on mortgage to small farmers. In the first year as many as 527 such loans were granted, representing a collective amount of 1,042,372 crowns.

Thus it is shown that by means of credit banks about thirty million crowns was made available for small farmers,

small tradespeople, and to some extent amongst working men.

In respect of these loans generally a rate of 7 to 8 per cent. was charged. That may appear high in other countries, but it is not so in Hungary, and there are no commissions to swell it. In truth our co-operative credit banks have done a good deal—in Hungary the same as elsewhere—to bring down the prevailing rate of interest by their easier terms. Their active competition has compelled other financial institutions to become less exacting.

The satisfactory condition of provincial credit banks becomes plainly apparent from the fact that they are becoming more and more capable of providing for their needs out of their own resources, and accordingly come to the Central Bank for fewer loans.

The Central Credit Bank itself, which is not only the provider of money, but also the organiser, instructor, adviser, and controller of the local credit societies, performs its many-sided task with great thoroughness. The amount of its work cannot be judged simply by the amount of the money dealt out, because that amount is dealt out for the most part in small loans, which require a disproportionate amount of labour, which in the balance-sheet appears converted into management expenses. In the first two years its net income was accordingly so small that only its founder members could receive any dividend. In 1899 this dividend figured at only 1·3 per cent., in 1900 at 3 per cent. Since 1901 both founders and other members (*i.e.*, affiliated societies) draw dividend at the rate of 4 per cent.

The Central Credit Bank has since its formation acted as adviser in co-operative matters to the Government. The consequence is that since that time the Government has betokened a much more active interest in co-operation. It gives State assistance partly in the shape of the taking up of shares, partly in that of grants given to societies in proportion to the merit of their aims, their public importance, and the quality of their management.

The chief business of the local co-operative societies is of course the distribution of credit. However, there are co-operative societies with other objects. For instance, the number of agricultural supply societies is by no means insignificant. Then there are productive societies, some of a purely temporary character, like many *artels*. They purchase their raw material, manufacture their wares; and when the latter are disposed of and paid for, their members share out the proceeds, and the society comes to an end.



Such common purchase and common work is tolerably general among our artisans. Often also our artisans work individually, and then store their goods in common warehouses for more convenient sale. Thus in Budapest and some other large towns co-operative societies of shoemakers, carpenters, and artisans of other callings maintain a *depôt* in which the goods manufactured by the members individually are exposed for sale. Some provincial societies also have common granaries, or else vaults, for the sale, in the one of corn, and the others of wine. Others again collect eggs and milk for sale in common.

For such business, so far as it is engaged in by societies of the Raiffeisen type, it is the Central Credit Bank which provides the money. The Government makes grants of money to credit societies, but only in exceptional cases, and only toward the first formation expenses, and even then only supposing that the majority of members of the society consist of working men, who are supposed to have no money to bring into the common stock. However, societies formed for productive purposes like those just referred to are more liberally dealt with, and receive State grants more freely. In this way the Agricultural Ministry, since the year 1900, encourages the formation of co-operative granaries by grants which provide a substantial part of the capital required for the buildings. At first no more than 4,000 crowns were allowed for one granary, but the subventions given have now reached 8,000 to 10,000 crowns, and even more is given when the district served is large.

In this way the formation of grain storage societies has been distinctly stimulated. In the year 1900, 3 grain storage societies were formed with the help of grants; in 1901, 5; in 1902, 8; in 1903, 11; and in the first half-year of 1904 two have already been formed.

What is desired is this, that over as large a breadth of land as possible small farmers should store their corn ready for the market in their own villages, and have it ready for selling at the proper time in larger quantities, so as to reduce the expense of carriage and delivery, and obtain correspondingly better prices. The Government is contemplating further encouragement still, proposing to meet its requirements of rye and oats for the army by purchasing such produce directly from co-operative societies. Parliament has also placed a grant of 2,000,000 crowns at the service of the Agricultural Ministry for the purpose of encouraging with grants from it the formation of grain storage establishments.

State help of a very similar kind, but on a smaller scale,

to suit the case, has been made available for stimulating the formation of collecting stations for eggs, after the Danish model. At such stations eggs are collected in sufficiently large numbers in one or two days as to provide quantities worth exporting, while perfectly fresh. Their freshness secures for the eggs a better price.

Such collection and sale of eggs is only rarely carried on by independent societies, but as a rule tacked on to the ordinary business of dairies, and sometimes of credit banks. The following figures show how collecting stations have increased:—In 1900 there were 54; in 1901, 135; in 1902, 184; in 1903, 264.

In the same way co-operative warehousing and productive societies receive assistance from the Government in the shape of first installation grants, machinery for use, and additional grants or else loans without or at a low interest to provide them with working capital. In addition to this the Government assists such societies where it can by purchases on behalf of the Ministry of Commerce or other public departments. Thus a considerable quantity of leather goods (boots, saddlery, bags, and portmanteaus) for the army is purchased by preference from co-operative societies. The following figures show the extent of the assistance so given since 1897 by the two Ministries of Agriculture and Commerce:—

#### GOVERNMENT PURCHASES FROM CO-OPERATIVE SOCIETIES.

| Year.                         | Sums laid out severally by the |                       |
|-------------------------------|--------------------------------|-----------------------|
|                               | Ministry of Agriculture.       | Ministry of Commerce. |
| 1897                          | 12,000 crowns.                 | 47,800 crowns.        |
| 1898                          | 14,660                         | 23,267                |
| 1899                          | 71,543                         | 96,460                |
| 1900                          | 179,100                        | 239,117               |
| 1901                          | 253,072                        | 366,656               |
| 1902                          | 457,808                        | 221,722               |
| 1903                          | 300,231                        | 316,546               |
| In seven years                | 1,288,414                      | 1,311,568             |
| All in all, 2,599,982 crowns. |                                |                       |

Apart from the Government, various local bodies, representing counties, municipal bodies, and villages have likewise taken co-operative societies of this sort—and other sorts—under their patronage, and assist them with grants, loans, and purchases.

It ought to be explained that the warehousing and productive societies just alluded to are not as a rule independent bodies, but special departments of credit societies.

The National Central Credit Bank may claim to have done great indirect good to the co-operative cause in Hungary, in addition to the direct services which it has rendered to credit co-operation. The lesson of the great advantages of union and co-operation in a wider sphere, which it plainly taught, could not long be lost upon co-operative bodies outside its direct realm. Thus it has come about that co-operative societies of other forms, but designed for the benefit of agriculture, have taken a leaf out of its book, and like the credit banks combined to unions and created central organisations; and it is only since they have done this that they can be said to have made real progress.

Distributive societies, which in some other countries led the way to other co-operation, in Hungary came into the field only at a very recent date, after the others. The earliest formation on record is that of the society of miners and factory hands. Somewhat later, a cluster of distributive organisations were formed in connection with credit banks in Upper Hungary. Distribution was here directly inter-linked with credit.

Somewhere about the same time, the "Christian Distributive Societies," with a distinctly religious leaning, entered the field in Lower Hungary.

Among agricultural folk co-operative distribution cannot be said to have gained a footing till an impetus was given to it by the formation of the Central Society.

The creation of this focussing society brought about a great change in the position of co-operative distribution. The small, scattered, languishing societies at once gained strength and became better organised. They had been groping their way uncertainly on unknown ground, creating precedents for themselves. They now found a skilled master placing himself at their head to teach them, guide them, support them.

The "Hangya" now actively promotes the formation of distributive societies throughout the whole kingdom, basing its action as an organising body upon the following principles:—

1. Wherever the share capital is raised by means of small weekly payments, business is not allowed to be begun until a certain minimum amount has been accumulated, sufficient to procure the first stock of goods and plant.

2. The societies are not allowed to give credit in any shape or form, strict cash payments being insisted upon throughout.

3. The societies formed by the "Hangya" are required to bind themselves by their rules also to buy from the

"Hangya" such goods as it can sell at prices at least equal to those charged elsewhere.

4. The "Hangya" is made to be recognised as the auditing and inspecting body.

5. Members of the managing committee are not allowed to be paid for their services.

6. Societies are not allowed to pay interest higher than 5 per cent. on share capital, all the balance of the profit going to the reserve fund until all debts are paid off; after that, any surplus remaining is to be divided amongst the members in proportion to their purchases.

7. Societies are required to apply part of their reserve fund to educational and propagandist uses. In this way not a small number of agricultural societies, popular libraries, common purchase societies, egg-collecting stations, dairies, co-operative granaries, &c., have been formed.

For inspecting and auditing purposes, the "Hangya" maintains a staff of skilled inspectors which, at the beginning of the year 1904, numbered fifteen. These inspectors travel from place to place, visiting one society after the other, inquiring into the management, examining the books, preparing the balance-sheet, giving advice, controlling the employees, and selecting the most skilled amongst them to place at the head of new societies.

The "Hangya" maintains large warehouses in Budapest for the sale and exchange of goods, entering into contracts with the manufacturers or the farmers' associations for the supply of certain articles that are best bought in that way.

In the early days of the movement, quite four-tenths of the business done by local societies could be traced to "Hangya" influences. The proportion has now risen to six-tenths. Thus the "Wholesale" system is approving itself in Hungary as elsewhere. The following figures show the development of the "Hangya" since its formation :—

| Year. | No. of<br>Societies<br>affiliated. | Sales of the<br>"Hangya" in<br>Crowns. |
|-------|------------------------------------|--|
| 1898  | 16                                 | 49,457                                 |
| 1899  | 51                                 | 462,839                                |
| 1900  | 122                                | 1,225,441                              |
| 1901  | 171                                | 2,037,858                              |
| 1902  | 246                                | 2,908,078                              |
| 1903  | 383                                | 4,703,196                              |

A similar society, having the same aims, and proceeding in more or less the same way, was formed in 1899, to become

the connecting link among the various "Christian Co-operative Societies." From a mere union the central organisation soon became a central trading body, and in this capacity it in its first year grouped no fewer than ninety local societies around it. This society maintains a staff of six "controllers" to inspect the affiliated societies. The number of the latter at present stands at 231. The share capital of the centre is 66,800 crowns; its trade has grown considerably, as the following figures will show:—It was in 1899, 164,358 crowns; in 1900, 380,047 crowns; in 1901, 823,791 crowns; in 1902, 1,039,393 crowns; and in 1903, 1,244,617 crowns.

The Government has not failed to give proof of its interest in the distributive movement, at any rate in poor districts of the country, such as the district of Bereg, among the Ruthenians in Ung, Ugocsa, and Máramaros, and later still in the north-eastern parts of the Carpathians, and finally, since 1902, in Transylvania among the Széklers. Special local branches of the Agricultural Ministry were entrusted with the task of fostering and befriending the movement in those parts. Their aim was to assist co-operation in order by its help to teach the people self-help and self-reliance.

Wholesale co-operative supply has acquired a very good position in its application to co-operation applied to agriculture. In the eighties the "Farmers' Co-operative Society" was formed to supply the army with agricultural produce (such as rye, oats, hay, and straw), to be transformed in 1891 into the "Hungarian Agricultural Co-operative Society" for the purchase and sale of goods.

In the same way, also, were other distributive and productive unions formed by agricultural societies; for instance, in the counties of Sáros, Zemplén, Jász-Nagy-Kun-Szolnok, Arad, &c. Similar unions were also formed among the Saxons in Transylvania. Eight of these in the district Arcaság united in 1897 in Brassó to a co-operative centre with unlimited liability.

The co-operative sale of agricultural produce has lately aroused much interest in Government quarters. Co-operative dairies, which were first formed in the south, but have in the course of time overspread all the country, may be said to have achieved considerable success. The first co-operative dairy was formed in the county of Baranya in 1894 by the Agricultural Ministry. The further development of the movement is shown by the following figures:—

| Year. | Number of  |          |                         | Produce Turned Out. |                      | Amount<br>Received<br>for such<br>Produce in<br>Crown. |
|-------|------------|----------|-------------------------|---------------------|----------------------|--|
|       |            |          |                         | Milk.               | Butter.              |  |
|       | Societies. | Members. | Shares<br>(i.e., Cows). | In Litres.          | In Kilo-<br>grammes. |  |
| 1897  | 34         | 2,767    | 5,937                   | 4,790,132           | 191,254              | 539,282  |
| 1898  | 71         | 10,402   | 19,701                  | 10,531,408          | 429,838              | 1,153,456  |
| 1899  | 146        | 15,357   | 26,917                  | 22,147,144          | 878,175              | 2,327,202  |
| 1900  | 246        | 26,952   | 45,934                  | 49,436,794          | 1,195,634            | 4,285,360  |
| 1901  | 376        | 40,673   | 69,507                  | 66,718,036          | 1,705,001            | 7,017,959  |
| 1902  | 452        | 46,344   | 80,871                  | 79,686,374          | 2,248,965            | 8,325,528  |
| 1903  | 517        | 50,450   | 94,664                  | 88,612,640          | 2,621,477            | 10,553,912   |

Butter is made in the central creameries only, which form distinct organisations. The first central creamery was formed in Temesvár in 1899 with the co-operation of 59 dairies. In the year 1900 and 1901 four other central creameries were established, severally in the Szabadka, Ujvidék, Dombóvár, and Veszprém. The total amount of butter turned out amounts to one million kilogrammes, nearly all of which is exported.

In 1898, to enable farmers to dispose of their produce to better advantage, at the instance of the National Agricultural Society, the Farmers' Co-operative Supply Society was formed. It answered well, and its success led to the affiliation to it of several smaller provincial societies. All the produce collected by these societies is brought to the capital and either sold there or else exported.

The Farmers' Co-operative Society displays great activity in forming provincial societies, in teaching such to adapt themselves to the wants of their customers, and to provide new markets.

Least progress has thus far been made in the co-operative sale of wine. It is not altogether easy to find a good market. However, things may improve after the Government has carried out its intention of forming a central wine-selling association.

The Government, it will be seen, is not indifferent to the matter. To promote the co-operative sale of farm produce it granted no less than twelve million crowns to the Ministry of

Agriculture in 1904, namely, two millions each as a subvention to the sale of wine, the creation of dairies, of granaries, and of other co-operative enterprises, and four millions as a stimulus to the co-operative manufacture of hempen and flaxen goods.

Co-operative insurance made its first appearance in Hungary in 1894, when the Mutual Insurance Society, to insure against fire and hail, was formed with a guaranteed capital of 600,000 crowns. This society struggled on for several years, assisted by loans from the Government, but in the end collapsed. A fresh attempt to acclimatise co-operative insurance was made in 1900, when the Farmers' Insurance Society was formed with a capital of 1,600,000 crowns, of which 400,000 crowns came from the State. This society is doing better, even paying a small dividend to its shareholders. Quite recently, also, co-operation has tried its hand at life assurance.

Co-operative live stock insurance has been practised since 1898, with the benison and active help of the Government, which now insures the Government bulls distributed for breeding purposes over a large tract of country with it. The Mutual Cattle Insurance Society started with 220,300 crowns capital, of which 20,000 crowns are given by the State. It insures indifferently cattle and horses against all sorts of risks. It has certainly made headway in the country, for the number of live stock insured with it has doubled within five years. At the end of 1903 it stood at 29,302 cattle and 3,910 horses, collectively of the value of 9,300,000 crowns. To extend its business still further, the society is now trying to form small local societies all over the country to become affiliated to it.

It will be seen from what has been said that the co-operative movement, which fifty years ago advanced at a snail's pace and not rarely went wrong altogether, has of late struck out new paths which have led it into every branch of industrial and agricultural activity, and in which it has met with certainly an encouraging amount of success. It is true that this result has been attained not without liberal support from the State and other public bodies. The money invested, the authority enlisted, are not all its own. However, those who practise it have been taught what it means, have maintained its principles, and are now likely, so it may be hoped, to make good their footing on the foundation of self-help, and certainly may claim to have opened a source from which

prosperity and material welfare flow in abundant streams. Moral training, education, and better technical efficiency may be expected to benefit the classes toiling in the workshop or the field.

## II. GREAT BRITAIN.

By J. C. GRAY, *General Secretary of the Co-operative Union of Great Britain.*

A REPORT on the position of the co-operative movement in Great Britain does not vary greatly from year to year.

The relative position in regard to the importance and extent of the different branches of co-operative work is maintained.

### 1. DISTRIBUTION

is a long way ahead of all other forms, but the distributive societies have also connected with them many phases of activity which in other countries would no doubt be carried on as separate forms of co-operation. For instance, a "distributive society" formed originally to supply its members with the necessaries of life, gradually extends its operations in other directions. It educates its members, builds houses for them, and also employs them as far as possible in producing the articles and goods which it sells. Thus a distributive society will carry on an educational department, for which purpose it sets apart a certain portion of its trading profits; it will also have a flour mill, a boot factory, a furniture factory, a tailoring workshop, a joiners' and builders' department, a bakery, and many other branches of productive work.

### 2. PRODUCTION

makes headway both in the two great Wholesale Societies and the various productive societies spread all over the country.

### 3. AGRICULTURAL AND FARMING SOCIETIES

have not yet obtained any considerable footing, but good progress is now being made through the efforts of the Agricultural Organisation Society, which was formed a few years ago to promote co-operation amongst agriculturists.

### 4. HOUSE BUILDING

by co-operative societies is making rapid strides. Most societies have now building departments in connection



with their business, and their efforts have caused a great improvement in the housing accommodation provided for co-operators in the districts where these building operations have been carried on.

The following summary of results will show the position of the co-operative movement under the different heads:—

### 1. GENERAL STATISTICS.

|   | 1902.      | 1903.      |
|---|------------|------------|
| Number of Societies . . . . .                             | 1,671      | 1,701      |
| Number of Societies to which the figures relate . . . . . | 1,638      | 1,660      |
| Number of Members . . . . .                               | 2,022,208  | 2,116,127  |
|   | £          | £          |
| Shares . . . . .  | 25,904,113 | 27,017,278 |
| Sales . . . . .   | 85,586,708 | 89,216,223 |
| Profits . . . . .   | 9,594,353  | 9,873,385  |

A classification of the various societies gives the following results, viz.:—

|   | Societies. | Members.  | Shares.<br>£ | Sales.<br>£ | Profits.<br>£ |
|---|------------|-----------|--------------|-------------|---------------|
| <b>Wholesale Societies—</b>               |            |           |              |             |               |
| 1902 . . . . .                            | 2          | 1,390     | 1,292,038    | 24,456,678  | 638,269       |
| 1903 . . . . .                            | 2          | 1,411     | 1,348,517    | 25,728,629  | 602,961       |
| <b>Retail Societies—</b>                  |            |           |              |             |               |
| 1902 . . . . .                            | 1,476      | 1,893,176 | 23,167,619   | 55,319,262  | 8,682,734     |
| 1903 . . . . .                            | 1,481      | 1,987,768 | 24,217,134   | 57,512,917  | 8,993,562     |
| <b>*Productive Societies—</b>             |            |           |              |             |               |
| 1902 . . . . .                            | 139        | 33,270    | 870,917      | 2,997,645   | 204,053       |
| 1903 . . . . .                            | 146        | 33,944    | 872,779      | 3,078,827   | 208,259       |
| <b>Supply Associations—</b>               |            |           |              |             |               |
| 1902 . . . . .                            | 7          | 91,483    | 532,894      | 2,670,855   | 65,757        |
| 1903 . . . . .                            | 7          | 88,498    | 532,779      | 2,719,088   | 63,070        |
| <b>*Special Societies—</b>                |            |           |              |             |               |
| 1902 . . . . .                            | 11         | 1,284     | 29,984       | 86,624      | 2,455         |
| 1903 . . . . .                            | 11         | 1,402     | 30,732       | 94,726      | 3,994         |
| <b>*Agricultural, Dairy, and Farming—</b> |            |           |              |             |               |
| 1902 . . . . .                            | 36         | 1,605     | 10,661       | 55,644      | 1,085         |
| 1903 . . . . .                            | 54         | 3,104     | 15,337       | 82,036      | 1,539         |

### 2. DISTRIBUTIVE (RETAIL) SOCIETIES.

|                 | Societies. | Members.      | Shares.<br>£     | Sales.<br>£      | Profits.<br>£  |
|-----------------|------------|---------------|------------------|------------------|----------------|
| 1903 . . . . .  | 1,481      | 1,987,768     | 24,217,134       | 57,512,917       | 8,993,562      |
| 1902 . . . . .  | 1,476      | 1,893,176     | 23,167,619       | 55,319,262       | 8,682,734      |
| <b>Increase</b> | <b>5</b>   | <b>94,592</b> | <b>1,049,515</b> | <b>2,193,655</b> | <b>310,828</b> |

\* These figures relate only to the societies in England and Scotland, and do not include any of the productive, dairying, agricultural, or special societies in Ireland.

## 3. PRODUCTIVE SOCIETIES.

|                    |        | Number<br>of<br>Societies. | Number<br>of<br>Employees. | Capital<br>Employed. | Trade<br>during<br>Year. | Profit. | Loss. |
|--------------------|--------|----------------------------|----------------------------|----------------------|--------------------------|---------|-------|
|                    |        |                            |                            | £                    | £                        | £       | £     |
| England and Wales  | { 1902 | 120                        | 6,754                      | 999,609              | 2,381,461                | 131,198 | 1,792 |
|                    | { 1903 | 125                        | 6,521                      | 979,688              | 2,420,258                | 127,809 | 4,290 |
| Scotland           | { 1902 | 19                         | 1,712                      | 412,559              | 616,184                  | 72,855  | ...   |
|                    | { 1903 | 19                         | 1,851                      | 652,793              | 461,120                  | 80,450  | 66    |
| English Wholesale  | { 1902 | 1                          | 10,385                     | 1,045,899            | 2,943,202                | 80,768  | ...   |
|                    | { 1903 | 1                          | 11,198                     | 1,208,290            | 3,182,614                | 92,756  | 2,119 |
| Scottish Wholesale | { 1902 | 1                          | 5,265                      | 540,900              | 1,580,713                | 85,315  | ...   |
|                    | { 1903 | 1                          | 4,713                      | 643,315              | 1,627,624                | 90,697  | 2,554 |
| Total, 1902        |        | 141                        | 24,116                     | 2,998,967            | 7,521,560                | 370,136 | 1,792 |
| „ 1903             |        | 146                        | 24,283                     | 3,292,413            | 7,883,289                | 391,712 | 9,029 |

The following figures show how the trade of the productive societies and of the productive departments of the Co-operative Wholesale Societies is spread over different industries:—

|                                     |                         | 1902.<br>£       | 1903.<br>£       |
|-------------------------------------|-------------------------|------------------|------------------|
| Cotton, Linen, Silk,<br>and Wool    | { England - - - -       | 372,518          | 304,044          |
|                                     | { Scotland - - - -      | 88,770           | 90,679           |
|                                     | { Wholesale Societies - | 310,206          | 337,046          |
|                                     |                         | <u>771,494</u>   | <u>731,769</u>   |
| Boots, Shoes, and<br>Leather - - -  | { England - - - -       | 318,328          | 316,648          |
|                                     | { Wholesale Societies - | 715,357          | 742,414          |
|                                     |                         | <u>1,033,685</u> | <u>1,059,062</u> |
| Metal and Hardware -                | England - - - -         | <u>104,041</u>   | <u>97,692</u>    |
| Woodworking - -                     | { England - - - -       | 38,657           | 35,504           |
|                                     | { Wholesale Societies - | 71,250           | 69,133           |
|                                     |                         | <u>109,907</u>   | <u>104,637</u>   |
| Building and Quarry-<br>ing - - - - | { England - - - -       | 77,947           | 107,265          |
|                                     | { Scotland - - - -      | 5,407            | 5,553            |
|                                     |                         | <u>83,354</u>    | <u>112,818</u>   |
| Printing and Book-<br>binding - - - | { England - - - -       | 109,310          | 114,654          |
|                                     | { Scotland - - - -      | 15,331           | 14,659           |
|                                     | { Wholesale Societies - | 118,776          | 128,668          |
|                                     |                         | <u>243,417</u>   | <u>257,981</u>   |

|              |                     | 1902.<br>£ | 1903.<br>£ |
|--------------|---------------------|------------|------------|
| Corn Milling | England             | 1,294,913  | 1,373,155  |
|              | Wholesale Societies | 1,539,382  | 1,650,609  |
|              |                     | 2,834,295  | 3,023,764  |
| Baking       | England             | 13,161     | 15,947     |
|              | Scotland            | 506,676    | 541,902    |
|              |                     | 519,837    | 557,849    |
| Various      | England             | 52,586     | 55,349     |
|              | Wholesale Societies | 1,768,944  | 1,882,368  |
|              |                     | 1,821,530  | 1,937,717  |
| Total, 1903  |                     | £7,883,289 |            |
| ,, 1902      |                     | 7,521,560  |            |
| Increase     |                     | £361,729   |            |

#### 4. CO-OPERATIVE AGRICULTURE.

##### (a.) Farming by Wholesale or Distributive Societies.

| Section.      | Acreage. | Capital. | Rent.  | Profit. | Loss. |
|---------------|----------|----------|--------|---------|-------|
|               |          | £        | £      | £       | £     |
| Midland       | 1,848    | 21,135   | 2,796  | 817     | 356   |
| Northern      | 2,766    | 68,083   | 3,232  | 1,510   | 919   |
| North-Western | 915      | 27,223   | 1,546  | 217     | 906   |
| Scottish      | 781      | 10,128   | 1,662  | 520     | 820   |
| Southern      | 774      | 20,042   | 728    | 48      | 1,224 |
| South-Western | 112      | 900      | 250    | 43      | ...   |
| Total         | 7,196    | 147,511  | 10,214 | 3,155   | 4,225 |

##### (b.) Farming Societies.

| Section. | Societies. | Acreage. | Capital. | Rent. | Profit. | Loss. |
|----------|------------|----------|----------|-------|---------|-------|
|          |            |          | £        | £     | £       | £     |
| Southern | 1          | 223      | 3,709    | ...   | 2       | ...   |
| Western  | 1          | 252      | 1,129    | 157   | 83      | ...   |
| Total    | 2          | 475      | 4,838    | 157   | 85      | ...   |

#### 5. HOUSE BUILDING.

Societies to the number of 344 report that they have done business in their building departments as under :—

##### Houses.

|   |               |
|---|---------------|
| Houses built and owned by the societies                   | 8,247         |
| Houses built and sold                                     | 5,080         |
| Houses built by members on advances made by the societies | 23,940        |
| Total Houses  | <u>37,267</u> |

*Money.*

|  |                   |
|--|-------------------|
|  | £                 |
| Expended by societies on houses owned . . . . .            | 1,858,810         |
| "    "    "    "    " sold to members . . . . .            | 1,141,287         |
| Advanced by societies on houses built by members . . . . . | 5,327,078         |
| Total Money . . . . .                                      | <u>£8,127,155</u> |

## 6. WHOLESALE CO-OPERATION.

Perhaps the most remarkable growth is seen in the figures relating to the two Wholesale Societies of England and Scotland. The statistics of these societies show considerable increase every year, showing that the distributive societies throughout the country realise more fully year by year the value of federated effort by uniting with each other to accomplish the objects of the co-operative movement.

At the end of 1903 the position of the Wholesale Societies was as follows:—

|                    | Society<br>Members. | Shares.<br>£ | Loans.<br>£ | Sales.<br>£ | Profits.<br>£ |
|--------------------|---------------------|--------------|-------------|-------------|---------------|
| English Wholesale  | 1,133               | 1,043,030    | 1,797,590   | 19,333,142  | 348,882       |
| Scottish Wholesale | 278                 | 305,487      | 1,674,241   | 6,395,487   | 254,079       |
|                    | 1,411               | 1,348,517    | 3,471,831   | 25,728,629  | 602,961       |

## 7. BANKING.

The banking for the co-operative societies is largely done by a Central Bank established in connection with the English Wholesale Society. During the year 1902 the banking department did business as follows:—

|             |             |          |
|-------------|-------------|----------|
| Receipts.   | Payments.   | Profits. |
| £42,376,364 | £42,268,675 | £18,708  |

The profits of the banking department are divided amongst the customers in proportion to their business.

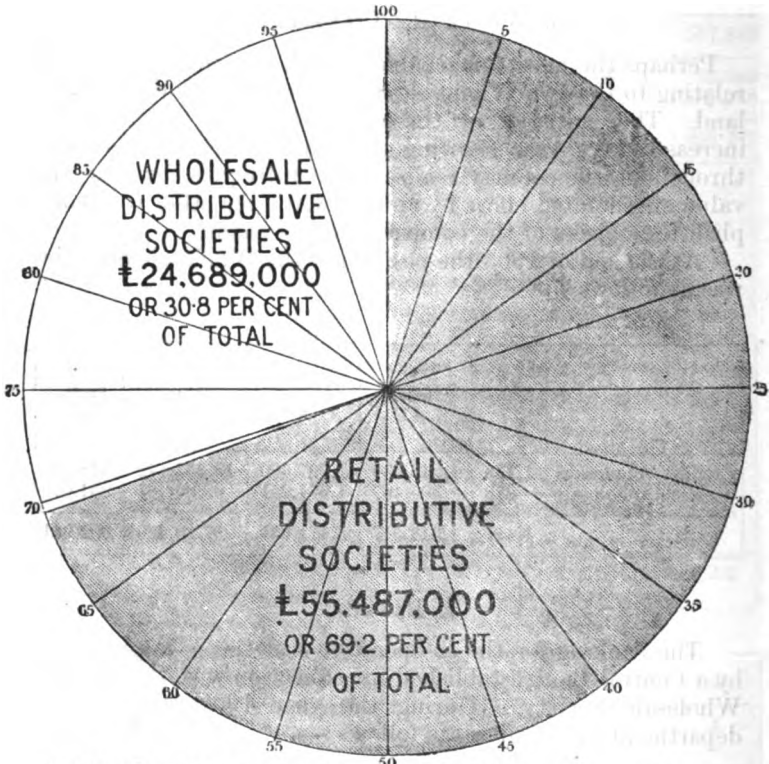
## 8. SHIPPING.

The English Co-operative Wholesale Society also possesses six steamships plying between England and France and Germany, bringing the produce of these countries for the use and consumption of British co-operators.

We are indebted to the Board of Trade for the following two instructive charts.

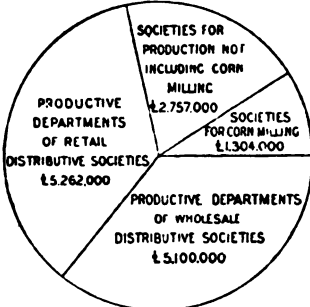
# I. CO-OPERATIVE DISTRIBUTION AND PRODUCTION IN 1902.

## SALES OF WHOLESALE AND RETAIL DISTRIBUTIVE SOCIETIES.

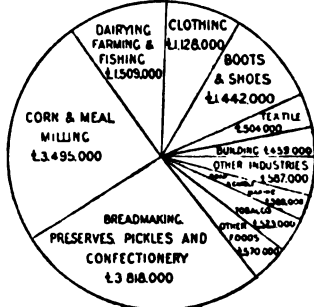


## VALUE OF GOODS PRODUCED CLASSIFIED BY

### (I) FORM OF SOCIETY

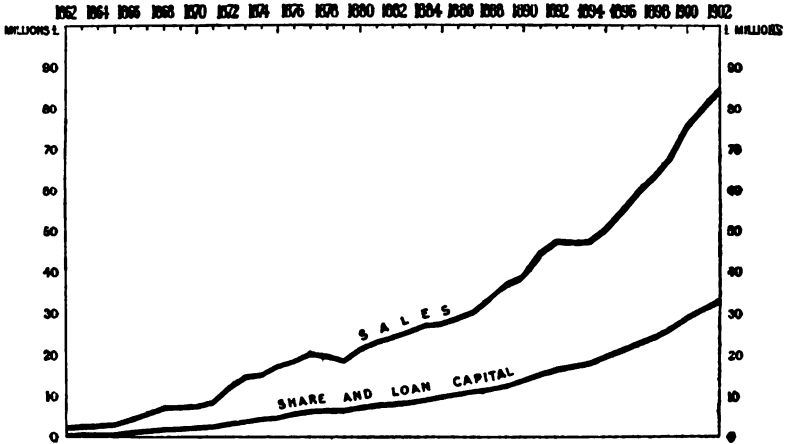


### (II) NATURE OF INDUSTRY

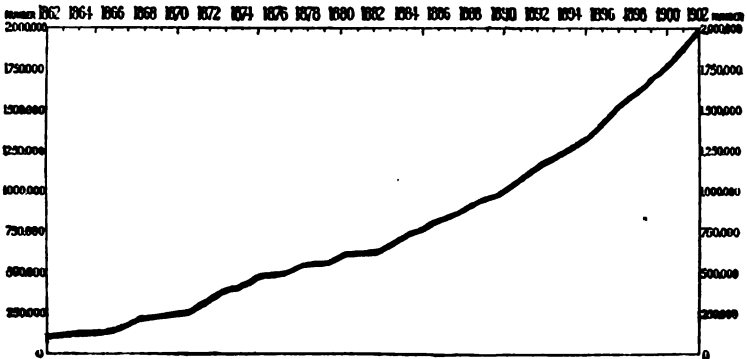


## II. GROWTH OF CO-OPERATION, 1862-1902.

### GROWTH OF SALES & SHARE & LOAN CAPITAL.



### GROWTH OF MEMBERSHIP



### III. FRANCE.

By Professor CHARLES GIDE, *President of the Central Committee of the French Co-operative Union of Distributive Societies.*

THE space of two years elapsed since I last reported to the Alliance has not produced any very striking event in the province of French co-operation. My present task accordingly means only adding some new figures.

*Productive* societies in 1903 numbered 328, of which 123 were in Paris, and 205 in the provinces. Since the number in 1897 was only 184, and in 1899 only 246, there has obviously been good progress made. It deserves to be borne in mind that this number, taken from the *Almanach de la Coopération française*, published by the "Chambre Consultative des Associations ouvrières de Production," includes about ten agricultural societies, which have not a working-class character, and in addition two or three co-operative restaurants, which deserve to be classed rather as distributive societies.

The varieties of societies most largely represented on the productive list are, above all things, the cab societies, which number 19; next come 17 building associations, 14 printing societies, and 8 upholstery and joiners' societies.

More than half of the number, 174 in all, form a federation or union, known as the "Chambre Consultative." This body receives an annual subvention from the State which has recently been raised from 150,000 to 200,000 francs. The societies of the "Chambre Consultative" have been commissioned to carry out building and decorating work in the French section of the St Louis Exhibition.

In respect of *profit-sharing*, the same stagnation on which I remarked two years ago still continues.

The number of *distributive* societies has slightly increased. However, a small number has to be deducted from the figures given in the *Almanach de la Coopération*, that is, 1,940, as not being of a strictly co-operative character. The true number may probably be taken as 1,880. This is a big figure, bigger even than that of British distributive societies. Unfortunately the majority of these societies are small and poor.

There are only 64 with more than 1,000 members each, and only 3 (in comparison with 34 in Great Britain) with more than 10,000 members. Their sales likewise are not very considerable, not so much because their membership is small, as because the variety of their goods is very limited, being generally confined to groceries; moreover, as many as 651

are merely bakery societies. The total figure for sales known is 85,135,000 francs, which means, since the sales of 462 societies are not given, an average of 184,300 francs per society. It will have to be borne in mind that the societies reporting in this matter are only the largest. Under such circumstances the figures seem modest enough. The total of profits is not given, but not a few societies are known to make none.

Distributive societies are grouped in two unions, of which one is the "Union Coopérative," and the other the "Bourse Socialiste." A proposal has been put forward that they should combine to form a large wholesale society. The suggestion could not, however, be carried through. But there are in various districts federations of distributive societies for the purpose of common purchase, and these have lately developed a little, more particularly in the two departments of the Nord (where the members are almost exclusively Socialists) and the Seine Inférieure. Also the Central Committee of the "Union Coopérative" has recently formed a co-operative information bureau ("Office Coopératif") which acts as intermediary between purchasing societies and dealers, and negotiates common purchases. However, its actual trade is still insignificant, and does not exceed about 700,000 francs.

The Socialist group of co-operative societies of Paris have their own Parisian federation ("Fédération Parisienne"), which in 1902 did a business of close upon 2,000,000 francs.

Looking at things altogether, no doubt French distributive co-operation appears growing in superficialities, but not in depth. At Paris it is now in the midst of something like a crisis, for several large societies have lost ground both in respect of trade and membership, and the largest of them all, "La Moissonneuse," a society with more than 15,000 members, has gone into liquidation.

A new law just passed subjects distributive societies to the trade license, which applies in France to all traders. Albeit the tax imposed by this means is not heavy, it is very much resented by the French societies.

The number of co-operative *building* societies has increased from 22 to 56. Such progress is due in the first place to the support given by the savings banks which, following the excellent example of the National Savings Bank of Belgium—it is true at a long distance—have begun to make advances, so far as the law permits, out of their own capital to these societies. In this way in 1903, 25 savings banks have advanced 2,543,000 francs for this purpose. Next, a credit society has been created for the very purpose of obtaining, on its own credit, funds from the State Institution adminis-



tering savings bank money like the British National Debt Commissioners, that is the "Caisses des Dépôts et Consignations," and lending them out, in its turn, to building societies. It has in 1903 disposed of 2,500,000 francs of saving banks money in this way.

*Agricultural syndicates* continue to flourish. However, there is nothing new to report with regard to them. They are merely societies for the common purchase of agricultural requirements. They also try to organise sales of agricultural produce in common, but without much success.

The number of co-operative *credit* societies which in 1902 stood at 873, had by 1903 grown to 1,038. They may be divided into four groups. These are, first, the village banks of the "Union des Caisses rurales," mainly Roman Catholic, and composed exclusively of societies of the purest Raiffeisen type. The Union has its seat at Lyons, and embraces 409 societies, all of which are small. Next there are the societies grouped around the "Centre fédératif du Crédit populaire," which has its seat at Marseilles, numbering 305, whereof 7 are town banks. In the third place there are the independent credit societies, formed as a rule by agricultural syndicates, and numbering 273 (19 in towns). Lastly, there are regional banks ("Caisses régionales de Crédit"), which exist for the purpose of dealing out credit to local societies, drawing themselves upon the Bank of France for their funds. The Bank of France in 1897, as the price of the renewal of its charter, was made to place a capital of 40,000,000 francs at the disposal of agricultural credit, and in addition to subsidise it for a long term of years with a fixed portion of its annual profits. Up to now, 28,697,249 francs have been allotted to this purpose in accordance with the law. However, not more than about 8,000,000 francs of this has actually been claimed, from which it would appear that French farmers and the peasantry do not stand in great need of credit, or else that they have not yet been brought to understand its use.

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IV. GERMANY.—A. STATISTICS SUPPLIED BY DR HANS CRÜGER, CHAIRMAN OF THE GENERAL UNION OF THE CREDIT SOCIETIES OF THE SCHULZE-DELITZSCH TYPE.

A.—CO-OPERATIVE CREDIT SOCIETIES (People's and Agricultural Banks).

| UNIONS OF SOCIETIES  | Number of<br>Societies adhering. | Number of<br>Societies reporting. | Total Number<br>of Members. | Trade (Income<br>and Outgoings). | Total Amount<br>of Credits<br>Granted. | Amount of<br>Credits<br>Outstanding<br>at Close of<br>Year. | Total Assets. | Total Share<br>Capital. | Amount of<br>Reserve<br>Funds. | Amount of<br>Loan<br>Capital. | Year to which the<br>Figures refer. |
|--|----------------------------------|-----------------------------------|-----------------------------|----------------------------------|--|---|---------------|-------------------------|--------------------------------|-------------------------------|-------------------------------------|
|  |                                  |                                   |                             |                                  |  |   |               |                         |                                |                               |                                     |
| 1. Credit societies of the Schulze-<br>Delitzsch type  | 980                              | 911                               | 542,108                     | 8,101,511,175                    | 2,492,187,448                          | 778,844,228   | 965,618,738   | 149,755,048             | 57,335,469                     | 743,561,805                   | 1903                                |
| 2. Reichsverband of Agricultural<br>Societies (President, Dr Haas)*                                      | 7,008†                           | 6,097                             | 506,089                     | 1,367,807,356                    | 265,080,990                            | 525,921,855   | 624,934,432   | 12,242,060              | 14,289,389                     | 594,383,072                   | 1902                                |
| 3. Rural credit societies (Union<br>founded by Raiffeisen)   | 3,982                            | 3,190                             | 288,040                     | 478,980,339                      | ?                                      | 186,321,579   | 241,136,658   | 2,280,338               | 5,698,004‡                     | 230,789,479                   | 1902                                |
| 4. Union of agricultural co-opera-<br>tive societies in Württemberg                                      | 970                              | 968                               | 102,000                     | 122,000,000§                     | ?                                      | ?   | 54,000,000§   | 1,600,000§              | 1,800,000§                     | ?                             | 1903                                |
| 5. Union of Silesian Agricultural<br>Co-operative Societies for<br>auditing and inspecting pur-<br>poses | 11                               | 11                                | 7,566                       | ?                                | ?                                      | 4,763,221   | ?             | 1,264,642               | 231,136                        | 3,872,191                     | 1902                                |
| 6. Do. union of the district of<br>Trier   | 227                              | 227                               | 17,557                      | 28,205,761                       | 8,602,593                              | 16,416,128  | 19,875,885    | 109,753                 | 347,714                        | 10,570,795                    | 1903                                |
| 7. Union of credit societies in<br>Württemberg   | ...                              | 101                               | 48,016                      | 304,863,111                      | 224,562,080                            | 68,109,146  | 82,368,738    | 19,726,166              | 6,229,428                      | 54,866,906                    | 1903                                |
| 8. Union of credit societies in<br>Lower Saxony, Hanover‡  | ?                                | 75                                | 25,677                      | 619,730,213¶                     | ?                                      | ?   | ?             | 5,444,992               | 3,024,413                      | 74,932,420                    | 1903                                |
| 9. Union of Polish co-operative<br>societies   | 141                              | 141                               | 63,825                      | ?                                | ?                                      | 52,278,119  | 80,771,178    | 8,287,072               | 2,915,828                      | 52,670,964                    | 1903                                |

\* Also partly to provide the raw materials for their members.

§ In round figures.

† On the 1st June 1904.

‡ 4,356,627 marks Foundation Capital; 1,341,377 marks Reserve Fund.  
¶ Including nine co-operative societies in various branches of trade.  
‡ Expenditure according to the cash-book.

**B.—DISTRIBUTIVE SOCIETIES, BUILDING ASSOCIATION, SALE, STORAGE, CO-OPERATIVE DAIRIES, VINE SOCIETIES (Industrial**

| UNIONS OF SOCIETIES.  | Number of Societies adhering. | Number of Societies reporting. | Total Number of Members. | Milk Supplied.    |                                 | Value of the Goods Sold by the Societies. |
|---|-------------------------------|--------------------------------|--------------------------|-------------------|---------------------------------|---|
|   |                               |                                |                          | Amount in Litres. | Money Paid for it.              |   |
| 1. Schulze - Delitzsch Union, section of distributive and kindred societies - | 272                           | 251                            | 248,004                  | ...               | In Marks (or Shillings).<br>... | In Marks (or Shillings).<br>...           |
| 2. Schulze - Delitzsch Union, section of raw materials supply association -   | 17                            | 16                             | 929                      | ...               | ...                             | ...                                       |
| 3. Schulze - Delitzsch Union, section of building associations -              | 105                           | 166                            | 50,429                   | ...               | ...                             | ...                                       |
| 4. Schulze - Delitzsch Union, section of sale and storage societies -         | 4                             | 2                              | 103                      | ...               | ...                             | 64,550                                    |
| 5. Schulze - Delitzsch Union, section of productive societies -               | 15                            | 10                             | 777                      | ...               | ...                             | 961,040                                   |
| 6. Haas Union, agricultural societies -                                       | 1,429                         | 1,408                          | 140,202                  | ...               | ...                             | ...                                       |
| 7. Haas Union, co-operative dairies -   | 1,260                         | 1,090                          | 110,407                  | 1,366,682, 111    | 104,427, 342                    | ...                                       |
| 8. Haas Union, vintners' societies -  | ?                             | 62                             | 3,130                    | ...               | ...                             | 461,139                                   |
| 9. Haas Union, agricultural banks -   | 7,008                         | 2,093                          | ?                        | ...               | ...                             | ...                                       |
| 10. Raiffeisen Union (Neuwied)  | 3,982                         | ?                              | ?                        | ...               | ...                             | ...                                       |
| 11. Union of agricultural societies in Wurttemberg, co-operative dairies -    | 81                            | 77                             | 6,447                    | ?                 | 1,804,659                       | ...                                       |
| 12. Union of agricultural societies in Wurttemberg, agricultural banks -      | 970                           | ?                              | ?                        | ...               | ...                             | ...                                       |
| 13. Central Union of German distributive societies -                          | 666                           | 627                            | 573,085                  | ...               | ...                             | ...                                       |
| 14. Central Union of German productive societies -                            | 18                            | 11                             | 2,364                    | ...               | ...                             | 2,004,083                                 |

**TIONS, SOCIETIES FOR COLLECTIVE PURCHASE,  
GROWERS' SOCIETIES, AND PRODUCTIVE  
and Agricultural).**

| Amount<br>obtained for<br>Provisions<br>Sold. | Amount obtained by<br>Sale of Industrial and<br>Agricultural Raw<br>Material supplied. | Workmen's Dwell-<br>ings Built since<br>Formation of such<br>Societies. |  | Total<br>Assets.            | Total Share<br>Capital.     | Amount of<br>Reserve<br>Funds. | Amount<br>of Loan<br>Capital. | Years to which the<br>Figures refer. |
|---|--|---|--|-----------------------------|-----------------------------|--------------------------------|-------------------------------|--------------------------------------|
|   |  | Number<br>of<br>Houses.   | Amount<br>Paid for<br>Construc-<br>tion. |                             |                             |                                |                               |                                      |
| In Marks (or<br>Shillings).                   | In Marks (or<br>Shillings).  |   | In Marks (or<br>Shillings).              | In Marks (or<br>Shillings). | In Marks (or<br>Shillings). | In Marks (or<br>Shillings).    | In Marks (or<br>Shillings).   |                                      |
| 59,010,675                                    | ...  | ...   | ...                                      | 17,201,363                  | 4,162,290                   | 2,644,978                      | 2,500,979                     | 1903                                 |
| ...   | 1,821,254  | ...   | ...                                      | 1,891,574                   | 520,504                     | 133,400                        | 1,054,489                     | 1903                                 |
| ...   | ...  | 3,954   | 67,803,165                               | 74,393,945                  | 8,583,171                   | 926,207                        | 62,432,393                    | 1903                                 |
| ...   | 2,460  | ...   | ...                                      | 450,713                     | 48,912                      | 60,581                         | 304,328                       | 1903                                 |
| ...   | 24,364   | ...   | ...                                      | 1,858,075                   | 414,036                     | 140,640                        | 1,052,190                     | 1903                                 |
| ...   | 34,583,004   | ...   | ...                                      | 18,735,447                  | 830,941                     | 1,969,611                      | 15,544,471                    | 1902                                 |
| ...   | ...  | ...   | ...                                      | 50,920,220                  | 4,720,332                   | 7,839,963                      | 35,701,972                    | 1902                                 |
| ...   | ...  | ...   | ...                                      | 5,340,692                   | 111,983                     | 382,923                        | ?                             | 1902                                 |
| ...   | 10,946,814   | ...   | ...                                      | included in                 | the figures                 | of the cred                    | it societies                  | 1902                                 |
| ...   | ...  | ...   | ...                                      | "                           | "                           | "                              | "                             | 1902                                 |
| 2,245,358                                     | ...  | ...   | ...                                      | ?                           | 62,956                      | 79,762                         | ?                             | 1902                                 |
| ...   | ?  | ...   | ...                                      | included in                 | the figures                 | of the cred                    | it societies                  | 1902                                 |
| 148,006,577                                   | ...  | ...   | ...                                      | 50,872,463                  | 11,838,401                  | 4,989,487                      | 19,081,977                    | 1903                                 |
| ...   | ...  | ...   | ...                                      | 2,098,145                   | 215,067                     | 263,734                        | 1,319,068                     | 1903                                 |

## B. STATISTICS OF THE CENTRAL UNION OF DISTRIBUTIVE SOCIETIES IN GERMANY.

By HERR HEINRICH KAUFMANN, *Secretary of the Central Union of Distributive Societies in Germany.*

|   | Number of Societies. | Number of Members. | Trade.                | Sales subject to Dividend from the Wholesale Society. |                                |
|---|----------------------|--------------------|-----------------------|---|--------------------------------|
|   |                      |                    | Marks (or Shillings). | 1902.<br>Marks (or Shillings).                        | 1903.<br>Marks (or Shillings). |
| Number of Societies federated to the Wholesale Society -                        | 305                  | 499,325            | 110,196,000           | 17,586,000  | 21,444,000                     |
| Number of Societies not federated to the Wholesale Society -                    | 561                  | 193,764            | 42,768,000            | 1,682,000   | 2,526,000                      |
| Total of both - -   | 866                  | 693,089            | 152,964,000           | 19,268,000  | 23,970,000                     |
| Distributive and Productive Societies in Zentralverband deutscher Konsumvereine | 638                  | 575,449            | 150,010,000           | ...   | ...                            |
| Total Number of Distributive Societies in Germany - - -                         | 1915                 | 1,023,644          | 250,000,000           | ...   | ...                            |

## C. POLISH CO-OPERATIVE SOCIETIES IN POSEN AND WESTERN PRUSSIA.

By DR KUSZTELAN, *Chairman of the Central Bank of Polish Co-operative Societies in Posen and Western Prussia.*

THE remarkable success of German co-operative societies attracted the attention of thinking Poles about 1861, and awakened in them a desire to employ the same excellent method for the improvement of the social and material condition of the Polish population in the eastern provinces of Prussia. Accordingly a co-operative credit society, organised strictly on the Schulze-Delitzsch model was formed in the city of Posen in the year named, its object being to render assistance to the humble industrial class in that city and its surroundings. The new co-operative bank was named *Towarzystwo Pożyczkowe przemyslowcow miasta Poznania*, which

has more recently been abbreviated to *Bank Przemyslowcow*. For the bank still exists and flourishes.

The example set by the capital soon exercised a decidedly stimulating effect upon the provinces. Every year saw new co-operative societies formed, and by 1871 their number had risen to 35, of which 26 were in Posen, and 9 in Western Prussia. The leaders of Polish co-operation now considered the movement to be strong enough to warrant the formation of a Union, which was to link all societies together. In this, once more, they were willing to follow the German example, which had proved so successful. A Committee was appointed and a Congress of co-operators was convened, which met in April 1871, and at which 29 delegates attended. These cordially supported the proposal to form a Union, and passed a resolution to that effect, at the same time adopting the Union Rules already drafted by the Committee mentioned. Of the 35 societies existing, the following 19 at once joined the newly-formed Union, namely, those of Bromberg, Dolzig, Gnesen, Gostyn, Inowrazlaw, Kletzka, Kobylin, Kosten, Miloslaw, Murovana Goslina, Pleschen, Strelno, Tremessen, Vongrowitz, Altmark, Gollub, Mehwa, Okshoft, Thorn.

The main objects which the Union set itself were stated in the rules to be these:—To extend the sway of co-operative principles to the utmost of its power, and at the same time to provide a sound and durable organisation for co-operative societies, to facilitate the obtainment of credit for the use of all societies (which were then without exception credit societies), to promote common interests, to collect statistical data, and to publish a common organ for the diffusion of co-operative information. The prosecution of these avowed objects was committed to two distinct administrative organs, one of which was the Central Committee, and the other the president (*Anwalt*). The Central Committee was composed of six members. Its duties were to be mainly deliberative, namely:—To select a president, to administer the Union funds, to decide by formal resolution on all matters affecting the societies, to summon general meetings, and to call co-operative congresses. The real executive work was left, almost entirely, to the president, whose business it was to visit and inspect the various societies, to assist them with counsel and advice, to promote the formation of new societies, in a word, to take whatever active steps might seem needed for the attainment of the Union's objects.

Our Polish Union was fortunate in securing for its first Chairman of the Central Committee a man of rare capacity and very noble devotion to co-operative ideals, namely,

Bank-director von Zyskowski, a retired Prussian judge, who was an intimate friend and loyal pupil of Schulze-Delitzsch, and was thereby qualified to render most valuable services to Polish co-operation. It may be well to point out that our Polish co-operative societies are in all points organised on strict Schulze-Delitzsch principles. For I find that they are not unfrequently assumed to be of the Raiffeisen type.

We had got a Chairman for our Committee. But it proved a good deal more difficult to find an altogether suitable person to fill the President's office. The serious responsibility laid upon that officer required peculiar endowments and capacities. However, once more, the Union was fortunate in securing for the office, in January 1872, the Rev. Szamarzewski, of Schroda, at that time curate in that parish. He has rendered to Polish co-operation truly inestimable services. In very truth he became for Polish co-operation what Schulze-Delitzsch had been for German, and the present undoubted prosperity of our co-operation is unquestionably in a very large part due to his leading.

Seizing the helm of his co-operative craft with a firm hand, the new President at once set about introducing reforms in existing organisations, which proved as useful as in point of fact they were indispensable. As required by the rules, he started on a round of visits to the societies, and what he saw there satisfied him that the formation of the Union had been almost the salvation of existing societies, for there was no uniformity whatever among them, no common principle observed in anything. Accounts were kept in all sorts of primitive and irregular ways, balance sheets were prepared in utter disregard of legal provisions, dividends were declared not on actual balances but on estimates—in a word, everything was in a state of chaos. Co-operative credit societies had been formed with great assiduity to put a stop to raging, ruinous usury, under which thousands were suffering. However, those who formed them lacked both the legal and business knowledge qualifying them for their task, and did not even know what example to follow in the work which they had undertaken. The first reform required, so the President judged, was the establishment of uniformity in accounts and account-keeping. Accordingly he provided a stock of account books and necessary forms of the most improved type, and insisted upon their adoption.

This reform was found at once to have a strengthening effect upon the societies, and they greatly benefited by it. Other reforms followed in due course, of as valuable a description.

The income of the Union was at the outset, and indeed up to 1890, of the most modest proportions. There was not enough even to recoup to the president his travelling expenses, he had to defray them out of his own pocket. It was only towards the end of 1890 that the Union could be said to have any income at all, a poor 2,000 M. (£100) only even then, of which half was allotted to travelling expenses, and the other half to the remuneration of the president and his staff.

By 1876 the Union had in a manner overspread three Prussian provinces. The number of societies attached to it had grown to 86, namely, 55 in Posen, 25 in Western Prussia, and 6 in Silesia. Although Posen itself afterwards lost a little ground, by 1881 the total number had risen to 110, viz., 53 in Posen, 25 in Western Prussia, and 32 in Silesia. That meant, that the Union had grown stronger, indeed, but that one man was no longer physically equal to the accomplishment of all the executive work. Accordingly the president applied to the Union for assistance, and in 1884, at the Congress of Miloslaw, the latter resolved to appoint nine inspectors, or "revisors," for the inspection of accounts. Moreover, it also nominated a secretary of the Union, who was to take the somewhat exacting task of official correspondence off the president's hands. In addition, the president was in 1886, in consideration of his promotion to the important living of Ostrowo, a very populous parish, laying a great tax upon his time, relieved of the duty of editing the publication issued by the Union. A special committee was appointed to take charge of this work. Moreover, for the first time a vice-president was appointed to assist the president. The choice for this office fell upon the Rev. Wawrzyniak, now rector of Mogilno, and president of the Union.

Such changes, of course, threw fresh work on the hands of the Central Committee. It promptly passed it on to its chairman, Dr Kusztelan, who had some time previously succeeded Herr von Zyskowski in this important office, and who had been a member of the Central Committee since 1882. Herr von Zyskowski's retirement meant a serious loss to the Union, which was, indeed, a body of his creation, and of which he had been a truly invaluable chief.

The year 1886 also witnessed the formation of the Polish Central Bank, which proved a most valuable institution, indeed a veritable mainstay to the Polish Union.

The new chairman of the Central Committee, Dr Kusztelan, devoted not a little attention to the literary work entrusted to him, and more particularly to the publication of annual



reports, the value of which need not be demonstrated. In 1892 he began the publication of what is still the recognised organ of Polish co-operation, the *Zoradnik dla Spólek*, that is, "Counsellor for co-operative societies." This journal has proved of signal service to the Union, more particularly as an effective means of propaganda.

The year 1889 proved an epoch of supreme importance for co-operation in Germany. It was the year of the passing of a new co-operative law, which for the first time permitted *limited* liability, and at the same time laid down very rigorous rules for the biennial inspection of co-operative societies by a competent inspector ("revisor"). It allows societies to nominate their own revisor, whose nomination is subject to approval by the law court of the district; or else to join together to "Inspection Unions" (*Revisionsverbände*), which appoint "revisors" of their own for all their societies, whose nomination is likewise dependent upon the approval of the proper authorities. The Polish societies, at their Congress of 1889 held at Thorn, at once resolved to form "Inspection Unions" of their own, three in number, viz., one having its headquarters at Posen, the second at Bromberg, and the third at Thorn. The three together were to form a rather loose general union, presided over by the president of the Co-operative Union, who was to be assisted in his work by competent assessors.

The Polish Union had now five distinct executive organs to attend to its business, all, it is true, more or less connected with one another. They were these:—

1. The President and his Bureau.
2. The Central Office of the "Inspection Union."
3. The Annual General Meeting of each of the three "Inspection Unions."
4. The Annual General Meeting or Congress of all societies.
5. The Central Bank of the Union.

The presidential bureau included the following persons:—The president himself, Rev. Szamarzewski; his deputy, Rev. Wawrzyniak, Dr Rzożnikowski, Herr von Wyczynski, Herr Feliko Rakowski, and Dr Kusztelan.

All the three "Inspection Unions" formed duly obtained official sanction, and were thus brought within the letter of the law. However, it soon appeared that a serious error, not guarded against by the law, had been committed in separating them more than was judicious from the presidential bureau, which was by the rules adopted denied all direct influence upon them. This fault it was decided to remedy as soon as

possible, and the correcting work was actually carried out in 1891.

Meanwhile, however, the Union had lost its valuable president, who died suddenly of an apoplectic stroke on 8th May. On the 14th day of the same month the Central Committee promptly elected the Rev. Wawrzyniak in his place, finding him an able successor in his vice-presidency in the person of Dr Rzepnikowski, of Loebau, in Western Prussia.

Under the new president the mistake committed in the creation of the "Inspection Unions" was at once set right. The three were combined to one general union, for Posen and West Prussia, leaving out Silesia, and placed under the direct authority of the presidential bureau. The Silesian societies were not included in the "Inspection Unions," because at that time there were not any distinctively Polish co-operative societies in Silesia. The remodelling of the "Inspection Unions," as explained, duly obtained the approval of the Government.

Several important changes in the organisation of the Union were carried into effect at the same time. Thus the presidential bureau was made to consist of the following seven persons:—The president, the vice-president, the managing director of the Central Bank, and four other members elected for a period of three years. Furthermore, the election of the president, hitherto reserved for the Central Committee, was transferred to the annual congress.

The new president at once also tackled the important problem of finance. The Union could not possibly carry on its work on the scanty supplies afforded to it thus far by societies. It was decided that the societies should pay by way of contribution  $1\frac{1}{2}$  per cent. annually of their gross profits, but not in any case less than 25 or more than 250 M. (severally 25s. and £12. 10s.) This measure secured the Union a more adequate income, which by the present time has risen to about 8,000 M. (£400).

For ordinary purposes it is the members of the presidential bureau who act as "revisors" or inspectors of societies. However, in special cases, whenever societies apply for it, other competent persons are allowed to conduct the inspection. For each "revisor" a society is charged the fee of 50 M. (or shillings).

At the present time there are 160 Polish co-operative societies in Prussia. Of that number, 137, that is, 103 in the province of Posen and 34 in that of Western Prussia, are members of the Polish Union. The remaining societies have not yet joined, either because they are in neither of the

indicated specifically Polish provinces, but in Silesia, or in Berlin; or else because they are newly formed and have not yet qualified by the observance of certain formalities for admission into the Union.

Silesia has at the present time ten Polish credit societies, one building association, several distributive societies, and two "small holdings" societies; that is, societies which buy up large properties and cut them up into small holdings, which they dispose of to Polish small cultivators. Among the credit societies, that of Beuthen, formed in 1895, is the oldest and the most considerable.

The Polish societies existing in the provinces of Posen and Western Prussia are for the most part credit associations or "co-operative banks." However, there are nine "small holdings" associations, several building associations, one land improvement society, one society for producing articles of wax, and one joiners' society. The "small holdings" societies are not the only co-operative organisations of an agricultural character. There are also several societies which purchase land in order to cultivate it in common. All these agricultural co-operative societies were formed at the instance, originally, of Dr von Kalkstein, and his equally Polish collaborators. The first was formed at Pinczyn in Western Prussia by Dr von Kalkstein himself. It bears a peculiar character which has not been adopted elsewhere, because it met with very serious difficulties.\*

For the moment there are in the Polish Union only two distributive societies, both of them in Western Prussia, namely, one in Bruss and the other in Loebau, none in Posen. The reason why there are no more is, that the presidential bureau has all along felt that it was credit societies which were above all things wanted, to relieve the middle class, the class, that is, of small landed proprietors, and tradesmen, from the thralldom to usury. The president and his colleagues are, however, also thoroughly alive to the value of distributive societies, and there is every reason to expect that a number of such will be formed in the near future among the Polish population.

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\* The Prussian authorities have done anything but favour the work of these societies.—H. W. W.

## V. AUSTRIA.

## (A.) THE AUSTRIAN MONARCHY.

By CARL WRABETZ, *Chairman of the General Union of Austrian Co-operative Societies.*

THE Annual Report issued by the Imperial Statistical Department is scrupulously accurate, but its figures are always a little behind time. The latest issue brings up the tale only to 1901. In that year Austria, as we commonly call it, more correctly Cisleithania, numbered in all 8,438 co-operative societies, namely:—

|   | Registered. | Unregistered. |
|---|-------------|---------------|
| Credit Associations - - -               | 5564        | 67            |
| Distributive Societies - -              | 764         | 27            |
| Co-operative Societies of other kinds - | 2010        | 6             |
| In all - - -                            | <hr/> 8338  | <hr/> 100     |

Of the *Credit Associations*, those of the *Schulze-Delitzsch* type numbered in 1900, 1,063,505 members, holding collectively a share capital of 102,066,000 K., with 62,094,000 K. reserve, 1,056,634,000 K. savings deposits, and 79,185,000 K. other loan capital. They dealt out in credit within the year 938,435,000 K.

The *agricultural credit associations* of the *Raiffeisen* type numbered in the same year 261,026 members, and dealt out credit to the amount of 59,531,000 K. That shows a total membership of all credit associations of 1,324,531, and 997,966,000 K.—say £39,918,640—dealt out in credits.

The *Distributive Societies* numbered 194,501 members, with 4,437,190 K. share capital, 2,360,643 K. reserve, 3,261,465 K. savings deposits, 3,592,823 K. other loan capital, and a trade of 57,808,648 K.

The *Societies for Common Purchase of Raw Materials* had a membership of 5,842, 273,906 K. share capital, 168,043 K. reserve, 20,293,000 K. deposits (not exclusively savings), 762,506 K. other loan capital, and an annual trade of 2,880,515 K.

In *Storage and Common Purchase Societies* the membership stood at 52,578, the share capital at 5,059,298 K., the reserve at 813,850 K., deposits of all sorts at 448,428 K., other loan capital at 7,075,373 K., and the sales figure at 22,910,269 K.

In *Societies for Common Utilisation of Machinery, &c.*, the membership stood at 7,079, the share capital at 238,104 K.,

the reserve at 44,865 K., deposits of all sorts at 6,310 K. other loan capital at 407,874 K., and the annual trade at 274,276 K.

In *Productive Societies* the membership stood at 29,208, the share capital at 24,095,706 K., the reserve at 2,818,271 K., loan capital at 13,007,158 K., and the sales were 34,109,359 K.

The *Co-operative Building Associations* numbered 3,408 members, with a share capital of 1,349,743 K., and 197,785 K. reserve, 5,922,804 K. loan capital, and an annual trade of 417,306 K.

According to the returns collected by my own Union, there were, at the close of 1903, in existence in Cisleithania, 9,713 co-operative societies in all, viz., 6,445 credit societies (2,320 being of the Schulze-Delitzsch type and 4,125 of the Raiffeisen; 1,693 of the Schulze-Delitzsch societies had limited and 627 unlimited liability), 814 distributive societies (744 with limited liability, 70 with unlimited), and 2,454 societies of other kinds, 2,302 having adopted the limited and 152 the unlimited form of liability.

The most important special event to record as having occurred since the last International Congress is the coming in force, on 11th August 1903, of the new law imposing upon co-operative societies the obligation of official audit and inspection (the technical term is "revision"). The law applies equally to registered and unregistered societies, and requires them to submit to an official audit at least once in every two years. The law gives societies the choice of three classes of "revisors," viz.: (1) Their own, a qualified person, to be appointed by their Union; (2) a "revisor" appointed by the law court of the district; and (3) a "revisor" appointed by the *Landesausschuss*, that is the Executive Board of the "country," or, as we might put it, though the Austrian constitution is altogether federal, province. Co-operative Unions to be able to exercise the right of conducting their own "revision" are required to fulfil certain conditions as to their organisation. Societies assisted by means either of subventions or of loans from public funds of their "country" are *ipso facto* subject to "revision" by the authorities of the "country." Other societies are entitled to claim the same "revision" if they choose. Any societies not availing themselves of one or other of these two forms are required to submit to "revision" by an officer appointed by the law court of the district.

"Revision" includes inspection of all business done, buildings, offices, branches, account books and documents of a

society. Simple notice to the effect that it has been carried out is given to the law court of the district, but the "revisor's" report is required to be read in full at the next general meeting of the society in question. Supposing that the "revisor" has discovered grave offences against the law or the rules of the society, or incorrect balance-sheets, he is required to call upon the society to remedy what is amiss within a given time, and at the end of that period to satisfy himself that his demand has been complied with. Should the society fail to comply, he is to advise the law court, which will proceed against the peccant society.

The effect of the new law, as far as can be at present seen, has been a good one, more specifically in causing societies previously isolated to combine to Unions in order to qualify themselves for "revision" by a "revisor" of their own. The consequence is that the membership of Unions is largely increased. In the *Allgemeiner Verband der deutschen Erwerbs- und Wirthschaftsgenossenschaften* (the Union of German Co-operative Societies of the Schulze-Delitzsch type) it has actually doubled. On the other hand, there is this drawback, at any rate for the present, that by the side of the well-known large Unions, some small ones have newly formed. This is to be regretted, because it lessens the benefit of union, and it is only large Unions which are in a position to maintain thoroughly qualified "revisors," such as are necessary to keep out danger and bad practices.

### (B.) BOHEMIA, MORAVIA, AND SILESIA.

By JOSEPH SCHREYER, *Secretary of the Union of (Czech) Co-operative Credit Societies in Bohemia, Moravia, and Silesia.*

THE following figures are taken from the Annual Statistical Return of the Union. They refer to the year 1902, the balances to its close.

#### NUMBER AND MEMBERSHIP.

|             | Urban Societies.          |                         |                                      |        | Agricultural District Societies. |
|-------------|---------------------------|-------------------------|--------------------------------------|--------|----------------------------------|
|             | Registered.               |                         | Un-registered.<br>Under the Old Law. | Total. |                                  |
|             | With Unlimited Liability. | With Limited Liability. |                                      |        |                                  |
| Bohemia . . | 70                        | 259                     | 10                                   | 339    | 124                              |
| Moravia . . | 107                       | 197                     | 3                                    | 307    | —                                |
| Silesia . . | 3                         | 9                       | 1                                    | 13     | —                                |
| Total . .   | 180                       | 465                     | 14                                   | 659    | 124                              |
|             |                           |                         |                                      |        | 783                              |

Of the urban societies only 645 have been taken into account as coming under consideration in 1902. Only 558 have actually sent in returns. The remainder are small societies, doing little business, the figures for which would not materially affect the general result. The 124 agricultural district societies in Bohemia are societies formed with the money coming to the several districts from a fund known as the "Corn Contribution Fund." They were formed under a law passed by the Bohemian Diet in 1882, and are under the direction of the *Landesausschuss*, elected by the Diet. There are similar societies in Moravia, that is, local credit funds formed with the money belonging to the old "Corn Contribution Fund," having a capital collectively of 24,000,000 K., which is laid out entirely in advances. They are of little interest from the Union's point of view. They have advisedly foregone their right to receive deposits.

The figures relating specifically to 558 societies reported upon in the Czech Union's "Annual" (for 1902) are as follows:—

|                          | Societies. | Member-ship. | No. of Shares. | Total Share Capital.** | Share Capital Paid Up.** |
|--------------------------|------------|--------------|----------------|------------------------|--------------------------|
| Bohemia—                 |            |              |                | Kroners.               | Kroners.                 |
| Unlimited .              | 63         | 47,543       | 77,637         | 2,511,718              | 2,532,769                |
| Limited .                | 241        | 146,281      | 310,760        | 9,987,755              | 9,749,626                |
| Unregistered             | 8*         | 4,626        | 4,179          | 284,830                | 225,853                  |
|                          | 312        | 198,450      | 392,576        | 12,784,303             | 12,508,248               |
| Moravia—                 |            |              |                |                        |                          |
| Unlimited .              | 78†        | 59,320       | 99,804         | 2,120,294              | 2,256,246                |
| Limited .                | 154        | 84,211       | 157,294        | 4,026,458              | 4,156,757                |
|                          | 232        | 143,531      | 257,098        | 6,146,752              | 6,413,003                |
| Silesia . .              | 11         | 4,468        | 10,933         | 297,040                | 304,006                  |
| Total .                  | 555        | 346,449      | 660,607        | 19,228,095             | 19,225,257               |
| Agricultural Societies . | 124        | 173,738‡     | —              | —                      | 13,571,041               |

\*\* These figures are not clear, but they are as furnished by the Union.

\* One additional society does not report on this point.

† Two additional societies issue no shares at all, making liability their only security.

‡ 9,207 delegates.

## RESERVE FUNDS AND SHARE CAPITAL.

These include special funds, such as Sinking Funds, Reserve Funds for depreciation of securities, a fund to meet unforeseen contingencies, &c.

*Amount on 31st December 1902.*

## Bohemia—

|                     |                 |                  |
|---------------------|-----------------|------------------|
| Unlimited Liability | 5,260,060.62 K. |                  |
| Limited Liability - | 19,062,892.52   |                  |
| Unregistered - -    | 282,387.62      | 24,605,340.76 K. |

## Moravia—

|                     |              |                  |
|---------------------|--------------|------------------|
| Unlimited Liability | 4,233,658.77 |                  |
| Limited Liability - | 6,059,171.76 | 10,292,830.53    |
| Silesia - - - -     |              | 244,672.09       |
| Total               |              | 35,142,843.38 K. |

In addition there are provident, charitable, and retiring pension funds, as follows:—

|   |                 |                  |
|---|-----------------|------------------|
| Bohemia - - -   | 2,220,108.48 K. |                  |
| Moravia and Silesia -   | 623,178.92      | 2,843,287.40* K. |
| The entire resources of Credit Societies accordingly stood at - - - |                 | 37,986,130.78 K. |
| Add Members' Shares - - -   |                 | 19,225,257.79    |
| Total of Societies' Capital, apart from Loans - - - - -             |                 | 57,211,388.57 K. |
| Add Agricultural District Societies' Reserve Fund - - - - -         |                 | 3,341,021        |
| Total   |                 | 60,552,409.57 K. |

\* The figure given does not include the funds for retiring allowances of 2 societies, which are considerable but are administered as distinct institutions. The retiring pension funds of 65 societies in Bohemia and 17 in Moravia, all that are here referred to, stood at the time at 2,190,368 K.



## SAVINGS DEPOSITS.

|                                    | Payments.             | Withdrawals.          | Balance Remaining.    |
|------------------------------------|-----------------------|-----------------------|-----------------------|
| <b>Bohemia—</b>                    | <b>Kroner.</b>        | <b>Kroner.</b>        | <b>Kroner.</b>        |
| Unlimited -                        | 22,848,498.40         | 24,408,205.23         | 73,882,422.98         |
| Limited -                          | 128,874,971.66        | 131,204,644.34        | 265,733,992.08        |
| Unregistered                       | 2,044,103.43          | 2,082,577.86          | 3,848,858.18          |
| <b>Total -</b>                     | <b>153,767,573.49</b> | <b>157,695,427.43</b> | <b>343,465,273.24</b> |
| <b>Moravia—</b>                    |                       |                       |                       |
| Unlimited -                        | 16,606,293.73         | 18,754,812.93         | 75,177,637.93         |
| Limited -                          | 31,143,238.06         | 30,640,932.59         | 113,062,799.26        |
| <b>Total -</b>                     | <b>47,749,531.79</b>  | <b>49,395,745.52</b>  | <b>188,240,437.19</b> |
| <b>Silesia - -</b>                 | <b>1,635,310.61</b>   | <b>1,517,720.05</b>   | <b>4,934,163.28</b>   |
| <b>Total to Credit Societies -</b> | <b>203,152,415.89</b> | <b>208,608,893</b>    | <b>536,639,873.71</b> |
| <b>Add Agricultural</b>            | <b>32,889,429.01</b>  | <b>31,875,694.07</b>  | <b>84,954,174.70</b>  |
| <b>Grand Total</b>                 | <b>236,041,844.90</b> | <b>240,484,587.07</b> | <b>621,594,048.41</b> |

There are 65 societies holding over 2,000,000 K. in savings deposits apiece. Of these, 50 are in Bohemia and 15 in Moravia. Of such, 34 held up to 2,000,000 K., 9 up to 3,000,000 K., 4 up to 4,000,000 K., 6 up to 5,000,000 K., 2 up to 6,000,000 K., 1 each up to 7,000,000 K. and up to 8,000,000 K., 3 up to 10,000,000 K., 2 up to 11,000,000 K., and 1 each respectively up to 17, 18, and 20,000,000 K.

Eighty societies report a working capital of 2,000,000 K. or more. Of these, 39 held up to 2,000,000 K., 15 up to 3,000,000 K., 6 up to 4,000,000 K., 7 up to 5,000,000 K., 3 up to 6,000,000 K., 1 up to 7,000,000 K., 1 up to 9,000,000 K., 1 up to 11,000,000 K., 4 up to 12,000,000 K., 2 up to 19,000,000 K., and 1 up to 22,000,000 K.

The entire capital at the disposal of the societies here referred to was 722,179,934 K. (£28,887,196).

The credit societies return 486,247 depositors with 477,635,042 K. in deposits, the agricultural 76,086 with 81,169,726 K.

## LOAN CAPITAL.

In the year 1902 the societies referred to employed their own credit, mainly by passing on bills for rediscount, to the following extent:—

|              |   |                  | Balance owing at the<br>end of the year. |
|--------------|---|------------------|--|
| Bohemia      | - | 17,738,006.17 K. | 8,496,569.08 K.                          |
| Moravia      | - | 15,008,526.97    | 5,188,371.53                             |
| Silesia      | - | 1,465,658.28     | 532,413.34                               |
| <b>Total</b> |   |                  | <b>14,217,353.95 K.</b>                  |
| Agricultural | - | 8,678,731.37     | 1,747,665.59                             |
| <b>Total</b> |   |                  | <b>15,964,019.54 K.</b>                  |

A comparison between the societies' own capital and borrowed (including deposits) shows the proportion to be generally as 1 to 9.05 in Bohemian societies with unlimited liability, 8.94 where liability is limited, 7.46 in unregistered societies, ergo 8.94 on an average of all; in Moravia severally as 1 to 11.29 in unlimited, 11.09 in limited, or 11.17 in all; in Silesia as 1 to 9.76, and on an average of credit societies in all the three countries as 1 to 9.62, but only 1 to 5.13 in the agricultural funds. However, in the credit societies the members' liability, pledged to double the amount of their shares, stands for a good deal in the way of security.

#### ADVANCES TO MEMBERS.

The credit societies in the three countries lent out during the year collectively on personal and real security (in the former way mainly by bills of exchange, in the latter by mortgage loans, and loans otherwise secured):—

|                       | Lent Out.             | Repaid.               | Balance.              |
|-----------------------|-----------------------|-----------------------|-----------------------|
|                       | Kroner.               | Kroner.               | Kroner.               |
| Bohemia - -           | 231,651,081.56        | 220,547,269.06        | 312,220,346           |
| Moravia - -           | 98,946,645.02         | 92,159,193.83         | 183,414,195.78        |
| Silesia - -           | 3,223,273.52          | 2,750,034.84          | 5,549,443.79          |
| <b>Total - -</b>      | <b>333,821,000.10</b> | <b>315,456,497.73</b> | <b>501,183,985.57</b> |
| <b>Agricultural -</b> | <b>49,579,060.38</b>  | <b>44,677,617.92</b>  | <b>90,554,252.74</b>  |
| <b>Total - -</b>      | <b>383,400,060.48</b> | <b>360,134,115.65</b> | <b>591,738,238.31</b> |

The total of deposits in credit societies being 550,857,227 K., and only 501,183,985 K. being invested in advances, evidently in addition to 57,211,388.57 K. of their own capital the societies had 49,773,242 K. redeposited with other institutions. The agricultural societies had 3,852,000 K. invested in loans.

The description of security taken is stated with regard to 89·51 per cent. of outstanding loan money of the credit societies and 99·60 per cent. of the agricultural. From this it appears that 39·613 per cent. of the credit societies' loans and 52·89 per cent. of the agricultural are personally secured, severally 58·675 per cent. and 45·09 per cent. by mortgage and similarly 1·71 and 2·02 per cent. by other tangible security. In the credit societies, with a total of 501,183,985 K. loans outstanding, that means—

|                      |   |   |                          |
|----------------------|---|---|--------------------------|
| On personal security | - | - | 198,534,012.22 K         |
| On mortgage          | - | - | 294,069,705.53           |
| Otherwise secured    | - | - | 8,570,267.82             |
| Total                | - | - | <u>501,183,985.57 K.</u> |

#### INTEREST.

218 credit and 52 agricultural societies return 4 per cent. as the rate of interest allowed on savings deposits, 42 credit and 16 agricultural  $4\frac{1}{2}$  per cent., 182 credit and 33 agricultural  $4\frac{1}{2}$  per cent., 67 credit and 2 agricultural 5 per cent., 1 credit  $5\frac{1}{2}$  per cent., and 1  $5\frac{1}{2}$  per cent. The maximum interest charged upon loans is given by 7 credit societies and 5 agricultural as 4 per cent., by 60 credit and 22 agricultural as 4 to  $4\frac{1}{2}$  per cent., by 382 credit and 78 agricultural as  $4\frac{1}{2}$  to 5 per cent., by 86 credit and 10 agricultural as 5 to  $5\frac{1}{2}$  per cent., and by 69 credit and 1 agricultural as  $5\frac{1}{2}$  to 6 per cent.

The net profit realised by the credit societies after allowing for all outgoings was on an average 7·45 per cent. on their capital. The agricultural societies netted 5·999 per cent., or, after deducting the 15 per cent. which by law must go to reserve, just 5 per cent.

In the credit societies the profits were actually applied as follows:—

|  |   |              |                   |
|--|---|--------------|-------------------|
| In dividends on shares                   | - | 1,036,590 K. | = 5·758 per cent. |
| Carried to the reserve fund              | - | 1,695,312    | = 4·94 „          |
| Applied to public or charitable purposes | - | 681,947      | = 0·136 „         |

The last figures given show that on every 100 K. raised by loans the borrower has been made to pay  $13\frac{1}{2}$  h., that is, 13·5 per cent., towards public or charitable purposes.

The agricultural societies applied their profits as follows:—

|                               |   |         |                  |
|-------------------------------|---|---------|------------------|
| Dividend on capital           | - | 466,366 | = 3·56 per cent. |
| Reserve fund                  | - | 168,015 |                  |
| Public or charitable purposes |   | 65,245  |                  |

### (C.) SLOVENIAN CO-OPERATIVE SOCIETIES IN AUSTRIA.

THE Slovenians, like other Slav races in Austria, maintain their own co-operative union, having its headquarters at Cilli, and being composed of co-operative credit associations. At the close of 1902 the Union comprised 114 societies, of which 100 had adopted unlimited and 14 limited liability. Geographically speaking, 23 were situated in Carinthia, 30 in Carniola, 16 in the Dalmatian coast district, and 45 in Styria. The total membership was 64,236, about half of which, viz., 32,046, were in Styria. The collective share capital is returned as 1,859,317 K., with 2,234,722 K. reserve, bringing up the societies' own capital to 4,094,039 K. The total savings deposits are given as 50,545,393 K., the total credits allowed in the year as 15,458,877 K., leaving a balance of 42,708,460 K. in borrowers' hands at the close of the year. The rate of interest charged has varied between 5.26 and 5.75 per cent. The net profit earned is put at 365,129 K.

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### (D.) GALICIA.

By CASIMIR DE WEYDLICH, *Delegate of the Agricultural Syndicate of Podolia.*

GALICIA possesses a large number of agricultural societies, which exercise very considerable influence on the agricultural population in the sense of helping to raise the moral and intellectual tone among them and stimulating material and social progress.

Clause 2 of the rules of the propagandist central society will make the objects which these societies pursue, clear. It says: "The society makes it its object to stimulate economic, intellectual, and social progress among the rural population. With a view to the attainment of such object it forms agricultural societies in the country which have the following objects: (a) To develop social conscience and Christian morality with the help of reading rooms, libraries, and rooms for gatherings; (b) to instruct members so as to make them better qualified for the pursuit of their calling by means of newspapers, pamphlets, and meetings, itinerant lecturers, exhibitions, educational courses, and the establishment of model farms; (c) to promote the construction of improved

farm offices and dwelling-houses; (*d*) to encourage drainage and other land improvements; (*e*) to unite members in societies for the common sale of their produce; (*f*) to facilitate the purchase of artificial fertilisers, raw material, and agricultural implements; (*g*) to organise distributive societies for the sale of articles of food, clothing, furniture, &c.; (*h*) to provide for agricultural credit by the creation of saving and loan societies, and endeavour to unite such societies in a union; (*i*) to promote provident action by means of insurance against death, illness, old age, infirmity, &c.; and also against fire, hail, the mortality of live stock, by the organisation of volunteer fire brigades, &c.; (*k*) to provide legal advice for members; (*l*) to champion the interests of small agriculture, small commerce, and small trade, and to defend such interests against public authorities; (*m*) to promote friendly relations among agricultural societies, commercial and industrial corporations, institutions of credit, and friendly societies."

The local societies formed in prosecution of such aims are grouped together in 35 unions, which combined form a central union having the country for its province. The central union has a committee consisting of twenty odd members elected by the general meeting, at which every local society is represented. The supply societies belonging to this union have formed a trading union of their own, which at the present time embraces 751 local societies, and possesses a share capital of 183,110 K., in addition to 48,233 K. reserve. The buildings belonging to this trading union were at the close of 1902 valued at 153,040 K., the goods in stock at 298,831 K. With the help of four great branch depôts, severally situated at Lemberg, Cracow, Rzeszow, and Wielitzka, the trading union in 1902 effected sales to the amount of 1,114,824 K.

Its trading results are shown by the following figures taken from the balance-sheet for that year. The total number of local societies was 1,247. Of this 952 have furnished returns. The returns show a collective membership of 41,116, value of buildings to be 550,289 K., the number of volumes in the libraries 63,043. There were among the local societies 12 grain storage societies, 8 dairies, 6 bakeries, 116 butcheries, 126 credit societies, 76 volunteer fire brigades, 705 distributive stores, 520 sale places for various liquors, 353 co-operative sale warehouses dealing exclusively with Government authorities.

## (E.) CO-OPERATIVE SOCIETIES IN GALICIA.

*Information taken from the Annual Report for 1903.*

SINCE 1873, when a law was passed authorising the formation of co-operative societies, 1,009 credit associations have been registered in Galicia. Of these only 846 were in existence at the close of 1902. The majority of such, viz., 654, were of the Schulze-Delitzsch type, 192 of the Raiffeisen. There were in addition in 1902, 118 co-operative societies of other kinds, mainly productive, or supply, bringing up the grand total to 964, of which 772 were of the Schulze-Delitzsch type (671 with limited liability). The 654 referred to, return their membership as 443,937, the other societies theirs as 9,352, which gives a total of 453,289 members. The share capital of the 654 credit associations stood at 24,427,568 K., that of other societies at 2,751,332 K., 27,178,900 K. in all. The collective reserve funds were severally 7,990,499 K., 475,420 K., and 8,465,919 K. The credit associations held 90,188,510 K. in savings deposits. A further 23,756,580 K. had been raised by credit by the credit associations, 8,413,758 K. by the other associations. The credit associations during the year advanced 206,838,074 K. in loans. At the close of the year they had 133,005,145 K. owing to them, the other co-operative societies 4,117,897 K. The trade of the latter class of associations is not given, but their stock was set down as 2,812,326 K. The rate of interest charged on advances varied between 4 and 12 per cent., the rate allowed on deposits between 3 and 8 per cent.

## (F.) AGRICULTURAL CO-OPERATION IN AUSTRIA.

By DR PAUL BARON VON STÜBECK, *Chairman of the "General Union of Agricultural Co-operative Societies in Austria," of Vienna.*

Co-OPERATION applied to agriculture has in Austria been modelled upon what had been previously organised in Germany, due regard being, of course, paid to differing circumstances, both economic and in respect of general culture. There are differences, however, in the application given to co-operation, not merely as between Austria and Germany, but also as between one Austrian territory and another. Such differences were prompted, on the one hand, by the peculiar character in each case of local wants

and conditions, and on the other, by the particular positions and attributes of the several organisers. In some territories it was the local Diets (*Landesausschüsse*) which directed the movement from the outset, and still influence it; in others the movement was left to the free action of the agricultural population itself.

With the exception of some rare instances (more particularly a few co-operative dairies, which were formed at an earlier period), the entire co-operative movement in Austria, so far as it applies to agriculture, may be said to have grown up within the past two decades. The first form in which co-operation was applied in Austria, in this connection, in the majority of its various territories, was that of agricultural credit on Raiffeisen principles. Raiffeisen credit societies multiplied rather rapidly. The regular inspection and auditing adopted for their benefit, free of charge, from the very first, at once ensured good management, which had the effect of gaining for such societies the confidence of the public. The Raiffeisen societies have not received any actual grants from the public purse; but it soon became a common rule to advance to them at the time of their formation the money required for formation expenses, and in some territories also some working capital to operate with, that money being repayable within a few years.

As Raiffeisen societies multiplied, it became evident that they must have central institutions to balance their excess and want of funds. Accordingly, unions and central banks were formed, grouping the societies in some districts according to territories, in others according to nationalities. The unions as a rule take charge of the control of accounts, and the general supervision and representation of local societies attached to them; however, in some territories the local Diet has reserved such functions for itself.

The new co-operative law of 1903, which made regular inspection and auditing compulsory for all co-operative societies in Austria, did not under such circumstances very materially affect agricultural societies, because they had adopted the same kind of control before. The position of societies not attached to any union or subordinated to a local diet, was, of course, different; the law made them do what they had not done before; however, their number is only small.

At the end of 1903, Austria had 3,908 credit societies of the Raiffeisen type, which were geographically distributed as follows:—There were 520 German societies in Lower Austria, 213 German in Upper Austria, 41 German in

Salzburg, 473 German and 732 Czech in Bohemia, 238 German and 325 Czech in Moravia, 91 German, 46 Polish, and 30 Czech in Silesia, 236 German and 7 Slovenian in Styria, 130 German in Carinthia, 223 German in the Tyrol, 64 German in Vorarlberg, 167 Slovenian in Carniola, Gorizia, and the Littoral, 267 Polish in Galicia, 44 German and 61 Ruthenian in Bukowina.\* Returns showing the business done by these societies are not extant for a later period than 1902. At the close of 1902, 3,307 Raiffeisen societies reported themselves in possession of 223,205,603 K. of savings deposits, with 173,249,328 K. collectively outstanding in loans, the annual business having amounted to 461,670,318 K. The reserve funds stood at 3,366,392 K. There can be no doubt that for 1903 the figures must be materially larger.

When it comes to be considered that in 1890 Austria numbered in all only 160 Raiffeisen societies, that, accordingly, the entire Raiffeisen movement has sprung up practically within thirteen years, it will have to be admitted that capital headway has been made. In fact, the Raiffeisen movement has managed rapidly to secure for itself a commanding position as an economic factor affecting the agricultural population. The savings deposits, amounting to 223,000,000 K., show to what extent the societies are trusted. The figure for outstanding advances (173,000,000 K.) makes it plain what is the utility of the societies for the peasant population, to whom they advance at a very moderate rate of interest the working capital, which previously the peasantry had either to go without altogether, or else pay dearly for while pledging their land and buildings.

There are Schulze-Delitzsch credit societies as well, dealing out personal credit to the agricultural population. However, with the exception of some few societies which have attached themselves to non-German unions, such societies stand outside the organised movement of agricultural co-operation.

In addition to credit societies, there are a not inconsiderable number of co-operative societies for carrying on particular forms of agricultural enterprise in common. Their number has increased rather substantially within recent years. This form of co-operation includes co-operative dairies, grain storage societies, societies for the making or sale of wine, and other sale and purchase societies; also societies for turning raw agricultural material into finished goods,

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\* I have not been able to ascertain the number of Roumanian credit societies in Bukowina.



live-stock breeding societies, and agricultural co-operative societies generally of a variety of forms pursuing a variety of objects.

The type of such societies best represented and longest established among ourselves is that of co-operative dairies. There are large central dairies for the sale of milk in large towns, such as Vienna, Brünn, Graz, Klagenfurt, Innsbruck; and small local societies in the country for turning milk, so far as it is not saleable on the spot, into butter or cheese. The smaller kind of dairies are most numerous in Upper Austria, where they have combined to form a central institution, the Tea Butter Sale Society \* of Schärding, and next in the Tyrol and Voralberg. The same class of dairies are, however, now multiplying also in Lower Austria, Bohemia, Moravia, and some other territories.

The grain storage societies are a product of the most recent days; they are intended to ensure the sale of grain grown by members at a more remunerative price. The small and medium types of such establishments are the general favourites. This is only as it should be. Like every other novel form of enterprise, grain storage establishments have considerable difficulties to contend with in the first period of their existence. There can, however, be no sort of doubt that they promise to prove extremely useful for the sale of corn, and more specifically for the execution of corn contracts received from the Army Intendence, and that in this way they bid fair to make the producer to some extent independent of the middleman.

Up to the present time, 47 such establishments have been set up, namely, 21 in Lower Austria, 18 in Bohemia, 3 in Moravia, 1 in Silesia, 3 in Carinthia, and 1 in Styria. Most of these establishments also supply their members with most articles required for the service of agriculture. Such societies receive assistance from the public purse, but to a smaller extent than similar societies in Germany. All this work in connection with grain storage really is, up to the present, nothing but an experiment, which has indeed already led to the collection of very valuable data. However, far more complete organisation will have to be adopted, and the whole movement will have to be much more developed, if the co-operative principle is to be applied fully for the sale and marketing of grain.

Co-operative organisation has also made considerable

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\* "Tea butter" is the best quality of butter, "such as may be taken with tea."

strides in Austria, as applied to the disposal of wine. There are winepressing societies in Lower Austria, the Tyrol, Styria, and Moravia, which already yield quite satisfactory results.

Among useful co-operative societies of other sorts, live-stock breeding societies, numerous already, and formed for every variety of live-stock, pigs as well as horses and cattle, deserve special mention. They are most common in Styria, Salzburg, the Tyrol, Bohemia, and Moravia. As a rule, the local Diets pay them subsidies, and they are allowed to have done a good deal in the direction of improving breeds.

Co-operation has been applied in most other provinces of agriculture, but societies practising it under special forms are unevenly scattered over the wide surface of Austrian territory. As a rule they are agriculturally collectivist *quasi*-industrial, or else aim at turning farm produce to more remunerative account. Thus there are flax-growing societies in Bohemia and Moravia, bog-draining societies in Galicia, a society of teazle growers in Styria, societies for the making of sauerkraut in Carniola, Bohemia, and Moravia, corn-milling societies, societies for turning fruit into pulp, or otherwise making it marketable, a society for the disposal of timber, and a society of apiarists in Lower Austria; co-operative distilleries in Bohemia, Moravia, and Silesia, co-operative societies for roasting chicory in Bohemia, a co-operative butchery in Moravia, moreover purchase and sale societies of various kinds, live-stock insurance societies, and some other forms of co-operative societies distributed all over the empire. Generally speaking, such co-operative enterprises have proved successful, and they show how wonderfully adaptable co-operation is in connection with agriculture.

Roughly speaking, the number of agricultural co-operative societies in Austria may be put at nearly 5,000, most of which date from within the last fifteen years.

The local societies, so it was soon discovered, could not well do without some central institution in which local excess and local want might be balanced. The "revision" found to be necessary supplied other reasons for proceeding, as has already been shown, to the formation of central banks and co-operative unions, which, as a rule, undertake to represent their societies wherever representation outside their own locality is called for. In Lower and Upper Austria the "revisory" power and representation have been retained by the *Landesausschüsse*—even after the formation of central banks. In Galicia and Salzburg, where there are as yet no central banks, it is likewise the *Landesausschüsse* which act as central and representative authorities.

Organisation varies very considerably in co-operative unions in the several Austrian territories. There are independent unions and unions subject to supervision by the *Landesausschuss*. There are, once more, unions which "revise" their own societies, and unions which leave it to the *Landesausschuss* to revise them. There are unions which admit only Raiffeisen societies, and others which open their doors to all kinds of agricultural co-operative societies. There are unions which do not admit distributive societies, and allow no distributive co-operation whatever, and others which have no such rule. In some territories unions are formed according to races, in others, various races combine to one union. In the last place, unfortunately, in some instances even politics determine the formation of district unions.

I am not in possession of the annual balance-sheets of all agricultural co-operative unions. The number of local societies belonging to sixteen central banks, whose balance-sheets and reports I have received, stood in 1903 at 3,434 of the Raiffeisen type, and 422 of other kinds. Their collective share capital was 411,481 K., the amount for which they were collectively liable 7,560,570 K., their deposits amounted to 57,406,276 K., and their credits outstanding to 33,482,990 K. The entire business in 1903 is returned at 353,457,926 K., and the reserve funds at 206,234 K.

If it be borne in mind that some such co-operative central banks have only begun to act as money-balancing offices within the last few years, and that not even all existing Raiffeisen societies have joined central banks, that, indeed, some territories are still altogether without central banks, it will have to be admitted that the business recorded is considerable. The number of local societies belonging to a central institution and the amount of the business done vary not a little as among different central banks. No doubt the share capital is generally small, and so are the reserve funds, very naturally so, seeing that some of the central banks or co-operative unions are of quite recent creation, and none of them aim at earning a profit. On the other hand, the liability pledged, which is the foundation of the whole organisation, is very considerable.

Just as local societies are united into unions, so it has been judged desirable that unions, in their turn, should have a central organ above them to manage common business and protect common interests. Such central organ is to be found in the "*Allgemeiner Verband Landwirthschaftlicher Genossenschaften in Oesterreich*," which at the present time, accord-

ing to the figures for New Year 1904, embraces 14 local unions composed of 3,549 societies. The various unions are as follows:—

(1.) The Co-operative Central Bank of Lower Austria, of Vienna.

(2.) The *Landesausschuss* of Upper Austria acting on behalf of the Co-operative Central Bank of Upper Austria, of Linz.

(3.) The Central Union of German Agricultural Co-operative Societies in Bohemia, at Königliche Weinberge.

(4.) The Central Union of Bohemian Agricultural Co-operative Societies in Bohemia (*Ustredni jednota ceskych hospodarskych spolecenstev v kralovstvi Ceskem*) at Prague.

(5.) The Central Union of German Agricultural Co-operative Societies of Moravia and Silesia, at Brünn.

(6.) The Union of Agricultural Co-operative Societies of Silesia, at Bielitz.

(7.) The Union of Bohemian Agricultural Co-operative Societies in Silesia (*Jednota ceskych hospodarskych spolecenstev ve vevodstvi Slezskem*), at Troppau.

(8.) The Union of German Agricultural Co-operative Societies in Bukowina at Czernowitz.

(9.) The Union of Ruthenian Agricultural Co-operative Societies "*Selanska kasa*," at Czernowitz.

(10.) The Union of Agricultural Co-operative Societies of Styria, at Graz.

(11.) The Union of Agricultural Co-operative Societies of Carinthia at Klagenfurt.

(12.) The Co-operative Union (*Zadrusna zveza v Ljubljani*), at Laibach.

(13.) The Union of German-Tyrolese Savings and Credit Banks at Innsbruck.

(14.) The Union of Savings and Credit Banks and other Agricultural Co-operative Societies of Vorarlberg, at Schwarzach.

It will be seen that by far the greater number of agricultural co-operative societies—in Upper and Lower Austria, in Bohemia, in Moravia and Silesia, Styria, Carinthia, the Tyrol, Carniola, and Bukowina, accordingly, in the majority of Austrian territories; and not merely German societies, but Czech, Slovenian, and Ruthenian as well—have joined the “Allgemeiner Verband,” and that in consequence the latter may at present be looked upon as a central institution for all agricultural co-operative organisation in the empire. Its functions are, above all things, to direct and represent. So far as the *Landesausschüsse* have not reserved the prerogative of inspecting and “revising” societies for themselves, that duty devolves upon the “Allgemeiner Verband.” The “Allgemeiner Verband” is in addition required to promote organisation of agricultural co-operation in the several territories, and to promote its progress on the right lines. In conclusion, it provides for common purchase of agricultural requisites on behalf of affiliated societies. Some local unions issue their own co-operative organs, suited to local requirements. The “Allgemeiner Verband” since last spring issues its own more pretentious paper, the *Oesterreichische landwirthschaftliche Genossenschaftspresse*, as a central organ for agricultural co-operation throughout the empire. It has not been possible thus far to centralise co-operative credit business in the same way for the entire empire.

As regards the State grants paid to agricultural co-operative societies, and frequently made a matter of reproach by opponents, State bounty is in Austria kept within very narrow bounds, and the grants made by the Ministry of Agriculture scarcely suffice to meet the most urgent requirements. Grants by the several local Diets are, generally speaking, regulated by the same standard as State grants. As a matter of course, under such circumstances there could be no question of the appropriation of large sums of money in the shape of advances free of interest or at low interest to the use of co-operative business enterprises. Since, however, the economic value of co-operative organisation of agriculture has been plainly demonstrated, the hope may seem justified that sooner or later the efforts now being made to bring about the granting of such help may prove successful.

However satisfactory the results already achieved in the province of agricultural co-operation may appear to be, it has already been pointed out that we must not think of contenting ourselves with them. The work now begun will have to be carried further, with unabated vigour and energy, in all directions. A central bank for balancing plethora and

want is urgently required; also capital available at cheap rates of interest for the promotion and subsistence of co-operative societies carrying on active business work, more specifically societies formed to turn agricultural produce to better account. It is on that ground that co-operative organisation now has its greatest and most important task to face. There can be no doubt, however, that after interest in co-operation and appreciation of its merits have been aroused in all quarters of the agricultural world, it will prove possible, with the help of all interests concerned, to deal successfully with this problem also.

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## VI. ITALY.

*From information received from various sources.*

STATISTICS of Italian co-operative societies are neither complete nor are they in agreement among themselves. A Government return recently published gives the total of People's Banks (that is, co-operative credit societies of the Luzzatti type) known to exist at the end of 1902 as 736, which is 40 more than there were in 1898. And it puts the number of other co-operative societies at 2,056, showing an increase, as compared with 1898, of 782. According to this statement, then, the total of societies existing should amount to 2,792. However, this leaves out of account about 1,187 agricultural credit societies (*casse rurali*), many agricultural co-operative societies (*comizi* and *sindacati*), and also 18 propagandist societies, if not more societies besides. The entire capital of 594 People's Banks making full returns is given as 119,857,898 lire as compared with 103,735,696 lire in 1898. The annual business is given as 1,127,713,928 lire as compared with 756,669,543 lire. The debit balance on current accounts had gone up from 100,078,923 lire in 1898 to 121,058,573 lire in 1902, that of savings deposits from 233,841,979 lire to 313,407,274, that of deposits made for fixed terms from 43,669,393 lire to 104,615,029 lire, the total of borrowed money therefore from 377,590,295 lire to 539,080,876 lire.

The remaining co-operative societies are classed in the following way:—

| DESCRIPTION.*   | NUMBER OF SOCIETIES.    |                         |             | SHARE CAPITAL.          |                         |                 | Societies whose Shares Capital on 31st Dec. 1902 was not known. |
|---|-------------------------|-------------------------|-------------|-------------------------|-------------------------|-----------------|---|
|   | On 31st Decem-ber 1898. | On 31st Decem-ber 1902. | Difference. | On 31st Decem-ber 1898. | On 31st Decem-ber 1902. | Difference.     |   |
|   |                         |                         |             | Lire.                   | Lire.                   | Lire.           |   |
| Societies producing and trading in Agricultural Produce and in Wine | 50                      | 248                     | + 198       | 631,289.49              | 2,203,219.70            | + 1,571,930.21  | 40  |
| Societies producing and trading in Alimentary Articles              | 92                      | 157                     | + 65        | 1,200,868.16            | 2,394,488.63            | + 1,193,600.47  | 52  |
| Societies producing Ceramic and Glass Ware                          | 11                      | 15                      | + 4         | 1,000,699.44            | 1,218,739.19            | + 218,039.75    | 1   |
| Industrial Productive Societies                                     | 29                      | 53                      | + 24        | 565,986.61              | 1,988,779.39            | + 1,422,792.78  | 12  |
| Societies carrying on Commercial Trade                              | 15                      | 16                      | + 1         | 203,747.01              | 185,307.82              | - 24,439.19     | 2   |
| Co-operative Carriers, Barrowers, &c.                               | 21                      | 36                      | + 15        | 604,772.01              | 789,087.79              | + 184,315.78    | 9   |
| Distributive Societies  | 508                     | 762                     | + 254       | 4,788,874.44            | 5,588,614.62            | + 799,640.18    | 69  |
| Societies engaging in Building Trades                               | 349                     | 442                     | + 93        | 13,410,886.02           | 18,958,111.63           | + 5,547,225.61  | 91  |
| Societies providing Electric Light and Power                        | 18                      | 27                      | + 9         | 916,983                 | 1,587,537.52            | + 670,554.52    | 2   |
| Hygienic Societies (Cleaning, Laundries, &c.)                       | 10                      | 14                      | + 4         | 471,338.82              | 567,814.05              | + 96,475.23     | 3   |
| Metallurgic Societies   | 13                      | 36                      | + 23        | 326,119.57              | 400,701.10              | + 74,581.53     | 10  |
| Polygraphic Societies   | 24                      | 41                      | + 17        | 227,706.01              | 617,124.70              | + 389,418.69    | 7   |
| Societies engaging in Textile Production                            | 6                       | 15                      | + 9         | 289,861.69              | 1,006,796.44            | + 716,934.75    | ...   |
| Other Co-operative Societies  | 128                     | 194                     | + 66        | 1,423,333.28            | 3,049,267.39            | + 1,625,934.11  | 48  |
| Total   | 1,274                   | 2,056                   | + 782       | 26,088,465.55           | 40,555,469.97           | + 14,467,004.42 |   |

\* It is not easy to explain in a small compass what all these various and unusual titles mean. It will be better to refer readers to the table given on page 505, prepared by the *Lega Nazionale*.

It deserves to be mentioned that more especially with regard to capital, these returns are extremely incomplete.

The *Lega Nazionale* (national union of co-operative societies) has on its own account compiled for the first time statistics which have reference to the same date (31st December 1902), but are differently arranged and also show different results. Their table is as follows:—

| Description.  | No.*  | Member-ship. | Total Capital in Lire. | Annual Trade in Lire. |
|---|-------|--------------|------------------------|-----------------------|
| Distributive Societies -                                    | 861   | 181,594      | 11,298,570.15          | 58,930,570.02         |
| Winepresses and Distilleries - - -                          | 14    | 2,958        | 162,486.58             | 1,470,448.64          |
| Dairies - - -   | 89    | 4,941        | 1,738,352.26           | 3,395,915.03          |
| Bakeries - - -  | 25    | 4,974        | 441,030.78             | 2,035,352.24          |
| Agricultural Productive and Labour Societies* - -           | 29    | 4,665        | 447,462.31             | 598,710.73            |
| Societies for Common Labour and Enterprise† - - -           | 153   | 56,671       | 3,487,738.01           | 10,756,118.55         |
| Industrial Productive Societies - - -                       | 454   | 9,298        | 3,089,062.27           | 8,640,840.66          |
| Societies for the Construction of Working Men's Dwellings - | 48    | 11,264       | 11,605,980.05          | 2,640,280.44          |
| Co-operative Credit Societies - - -                         | 350   | 132,736      | 17,834,336.21          | 443,472,174.72        |
| Insurance Societies -                                       | 25    | 129,705      | 22,625,637.69          | 18,332,849.29         |
| Agricultural Co-operative Societies - - -                   | 138   | 26,642       | 1,373,358.01           | 16,196,788.37         |
| Educational Societies‡ -                                    | 13    | 2,002        | 17,032.50              | 85,806.69             |
| Total -   | 2,199 | 567,450      | 74,121,046.82          | 566,555,860.38        |

\* Agricultural productive societies (*cooperative di produzione e lavoro agricolo*) are agricultural labourers' societies, producing, or else letting out their labour in common, and are accordingly entirely distinct from ordinary "agricultural co-operative societies" (*comizi agrari*, &c.).

† Societies for common labour and enterprise (*cooperative di lavoro e pubblici servizi*) are co-operative societies which let out their labour, or take contracts, like the *braccianti* and *muratori*, barrowers, carters, or again, varnishers, lightermen, stevedores (*stivatori*), breakers-up of vessels, or else societies which undertake contracts for public service, such as laying kerbstones, barrowing away the snow, and doing other urban road work.

‡ Educational societies (*cooperative scolastiche*) promote all kinds of educational work, mainly among the labouring classes, such as instruction in music, and in acting by means of theatricals, or technical and other instruction out of school hours.



To these figures must be added a number of societies whose returns were not sent in till after the above table had been put together, the figures referring to which the *Lega* gives, unclassified, and rather carelessly collated, as follows :—

| Number. | Membership. | Total Capital. | Annual Trade. |
|---------|-------------|----------------|---------------|
| 302     | 26,861      | 4,362,653.67   | 40,411,352.61 |

This should bring up the total number to—

|       |         |               |                 |
|-------|---------|---------------|-----------------|
| 2,501 | 594,311 | 78,483,700.49 | 606,967,212.99. |
|-------|---------|---------------|-----------------|

These figures, like the official ones, are very incomplete, once more particularly so with regard to capital and trade.

Our own detailed analysis of the appendix given by the *Lega* and dealing with the societies not above classified shows the following results :—

|   | No. | Member-<br>ship. | Total Capital<br>in Lire. | Annual Trade<br>in Lire. |
|---|-----|------------------|---------------------------|--------------------------|
| Distributive Societies -  | 87  | 7,275            | 149,665.47                | 777,440.55               |
| Winepresses and Distil-<br>leries - - -                             | 27  | 875              | 7,000                     | 364,775.02               |
| Dairies - - -   | 10  | 683              | 18,300                    | 1,524.56                 |
| Bakeries - - -  | 3   | ...              | ...                       | ...                      |
| Agricultural Productive<br>and Labour Societies -                   | 6   | 545              | 4,463.70                  | 223,087.31               |
| Societies for Common<br>Labour and Enter-<br>prise - - -            | 22  | 2,316            | 73,874.14                 | 175,619.21               |
| Industrial Productive<br>Societies - - -                            | 17  | 862              | 62,099.82                 | 345,844.93               |
| Societies for the Con-<br>struction of Working<br>Men's Dwellings - | 7   | 1,605            | 37.097                    | ...                      |
| Co-operative Credit So-<br>cieties - - -                            | 46  | 816              | 1,132,695                 | 28,501,873.97            |
| Insurance Societies -   | 62  | 3,130            | 2,687,366.27              | 9,361,763.25             |
| Agricultural Co-opera-<br>tive Societies - -                        | 13  | 1,442            | 60,064.61                 | 475,611.51               |
| Educational Societies -   | ... | ...              | ...                       | ...                      |
| Unclassed (a Society for<br>Collecting the Octroi)                  | 1   | 601              | 61,050                    | ...                      |
| Total -   | 301 | 27,444           | 4,293,656.01              | 40,227,540.91            |

This brings up the totals in the following way :—

|   | No.  | Member-<br>ship. | Total Capital<br>in Lire. | Annual Trade<br>in Lire. |
|---|------|------------------|---------------------------|--------------------------|
| Distributive Societies -  | 948  | 188,869          | 11,448,235.62             | 59,608,010.57            |
| Winepresses and Dis-<br>tilleries - - -                             | 41   | 3,833            | 169,486.58                | 1,835,224.26             |
| Dairies - - -   | 99   | 5,624            | 1,756,625.26              | 3,397,139.59             |
| Bakeries - - -  | 28   | 4,974            | 441,030.78                | 2,035,352.24             |
| Agricultural Productive<br>and Labour Societies                     | 35   | 5,210            | 451,926.01                | 821,798.04               |
| Societies for Common<br>Labour and Enter-<br>prise - - -            | 175  | 58,987           | 3,561,612.15              | 10,931,737.76            |
| Industrial Productive<br>Societies - - -                            | 471  | 10,160           | 3,151,162.09              | 8,986,685.59             |
| Societies for the Con-<br>struction of Working<br>Men's Dwellings - | 55   | 12,869           | 11,643,077.05             | 2,640,280.44             |
| Co-operative Credit So-<br>cieties - - -                            | 396  | 140,846          | 18,967,011.21             | 471,974,053.69           |
| Insurance Societies -   | 87   | 132,835          | 25,313,003.56             | 27,694,612.54            |
| Agricultural Co-opera-<br>tive Societies - -                        | 151  | 27,084           | 1,433,422.62              | 16,672,399.88            |
| Educational Societies -   | 13   | 2,002            | 17,032.50                 | 85,806.69                |
| Ostroi Society - -  | 1    | 601              | 61,050                    | ...                      |
| Total -   | 2500 | 594,894          | 78,414,702.83             | 606,783,401.29           |

To these figures the *Lega Nazionale* would somewhat ultra patriotically add those for co-operative societies (being mainly distributive and credit societies) said to be composed of Italians, but established outside the country in the Swiss canton Ticino, in the Trentino, Trieste, Istria, Gorizia, Tunis, even in Brazil. They are as follows :—

| Number | Membership. | Total Capital. | Annual Trade.  |
|--------|-------------|----------------|----------------|
| 322    | 44,416      | 15,518,020.61  | 14,299,162.09. |

Obviously these societies can scarcely count under "Italy." However, there are a considerable number of People's Banks, which the *Lega* puts conjecturally at 1,530, only a small portion of which are included in the above returns; and also 18 propagandist societies.\* If the *Lega's* conjecture is correct, such balance would bring the total of societies to 4,009. (The *Lega* puts the total, including Italian societies abroad, at 4,371.) The number of People's Banks is, as observed, officially stated as 736. The number of undenominational *casse*

\* The propagandist societies are to be found mainly in the north. But there are some also in the Marches and in Sicily.

*rurali* and kindred co-operative associations of the Wollemborg Union is given as 148, the number of denominational "catholic" co-operative societies as 1,039, and that of agricultural co-operative societies as 530.

Only a few of these are comprised in the *Lega's* figures, which in the main may be taken as correct for the date to which they refer.

## VII. SWITZERLAND.

By Dr HANS MÜLLER, *General Secretary of the Union of Swiss Distributive Societies.*

THE co-operative movement in Switzerland has once more made considerable strides, within the two years since the International Co-operative Alliance met at Manchester. In 1902 there were 197 new societies registered, in 1903, 240. The current year promises to equal the record of the last. Taking the number of existing societies registered as co-operative altogether, there cannot be less than 4,400. It is true that these are of various descriptions, some scarcely meriting the name of "co-operative"; others, though decidedly popular in character, are such as would not in other countries rank as "co-operative," for instance, sick funds and provident societies. The imposing roll is really to be accounted for by the fact that the law is distinctly favourable to the formation of societies under the co-operative name, being elastic and applicable to almost every variety of common action. Nevertheless, the majority of the 4,400 societies spoken of may be looked upon as genuinely co-operative.

Among the various groups composing the total given, the largest, in point of numbers, is that of societies placed in the service of agriculture, and formed to assist in the production, or else the sale of agricultural produce. Foremost among such are the co-operative "cheeseries," numbering by themselves, about the middle of 1903, 1,536. Next follow, at a rather respectable distance, co-operative distilleries, societies for the sale of fruit, or products of the same, wine, and honey, and for pasturing cattle in common on the high Alps. Taking all agricultural co-operative societies together, we find that there are about 1,700 or 1,800.

In respect of industrial enterprise there are only a small number of societies to pit against these. Really the only class worth mentioning on this ground are 15 artisans' societies formed to sell their goods in common in covered markets. These societies have not combined to form any union, in part evidently because they are really competitors

to one another and have no common interest to unite them. In consequence only little is known about their actual results and work. However, it may be asserted with confidence that at the present time the making of cheese is almost entirely monopolised by co-operative societies.

Next to this class of societies, for common sale of products, follow, in point of numerical strength, the societies formed to serve for the common supply of goods or the common utilisation of means of production. There are about 1,200 of these. Of that number about 500 are agricultural, rendering their members excellent service in the common purchase of fertilisers, feeding stuffs, implements, seeds, &c. In some districts, most notably in the two cantons of Aargau and Zürich, such societies are at the same time also distributive, that is, they do not confine their trade to specifically agricultural goods, but deal also in provisions, clothing, and articles for household use. The societies of the latter class, numbering about 130, however, form only a minority among agricultural supply societies.

Proceeding one step further, we find the cattle-breeding associations numbering about 460. Their specific object is to enable the smaller peasantry to improve their breed of cattle by the use of common bulls. With this end in view the societies referred to keep good pedigree bulls in common, and also organise cattle shows and cattle markets.

There is another class of agricultural co-operative societies calling for attention, namely, such as exist to place the use of the more costly kind of machinery within their members' reach. Most such societies possess their own thrashing machines and traction engines. There are about 80 in all.

Since quite recently agricultural credit societies of the Raiffeisen type have made some headway. There are now about 40 of them. They have already combined to a union. Time will show whether this peculiar form of co-operation is suitable for Switzerland.

Supply societies of the industrial type are as yet only few in number. Loan Societies and People's Banks, on the other hand, intended in the main for the benefit of the trading classes, are rather more numerous. There are about 40 in all, including the giant society of the Schweizerische Volksbank, which maintains a branch office in almost every principal trading centre of the country and does a large business.

There are no figures available to show what business these societies collectively do, seeing that there is no common organisation uniting them, and that they work each for its own hand.

The third group of co-operative societies to be mentioned is that of the class maintained for the common supply of members with the necessities of life. The most numerous and also the most important among these are the distributive societies, which at the end of 1903 numbered 276. Their members are in the main recruited from among the industrial population, and they carry on their work in towns and in industrial villages. Apart from agricultural supply societies they are the only class which have combined to a powerful and effective union, which among other things is careful to collect every year accurate data showing what is the progress and what are the results of distributive co-operation in Switzerland. Notwithstanding that in point of number the distributive societies of Switzerland represent only about a tenth of the entire strength of co-operative organisations, they may well be regarded as the backbone of the Swiss co-operative movement. There will be more to say about them.

Next to distributive societies rank the societies for the common supply of water, which are in the main to be found in rural communities. There are about 200 of them, providing water both for drinking and for other purposes. Then there are a number of bakeries and butcheries, pharmaceutical societies, societies to provide electric light and power, and also to provide dwellings. However, all these societies are to be met with only singly, scattered over wide districts, and they are at the present time of little significance.

There is no occasion here to speak of the provident societies and sick funds organised on co-operative lines, nor yet of societies formed for the prosecution of common enterprise or for common work, because they are scarcely co-operative societies in the accepted sense of the word.

It may now be well to enter a little more in detail into the figures concerning distributive societies and agricultural supply societies. The former are well organised in their powerful union, which at the present time embraces 145 societies. The following table will show the results obtained by them within the last two years:—

|                        | 1902.                | 1903.      | Increase. |
|------------------------|----------------------|------------|-----------|
| Societies in the union | - - 133              | 143        | 10        |
| Collective membership  | - 102,969            | 109,414    | 6,445     |
| Number of stores       | - - - 494            | 510        | 16        |
| Trade                  | - - - fr. 38,665,000 | 42,408,000 | 3,743,000 |
| Profit                 | - - - fr. 3,731,000  | 4,052,000  | 321,000   |
| Reserve fund           | - - - fr. 2,674,000  | 2,846,000  | 172,000   |
| Share capital          | - - - fr. 1,793,000  | 1,954,000  | 161,000   |
| Number of employees    | - - - ?              | 1,580      | ...       |

The figures quoted show the distributive societies individually to be in a state of healthy development. Precisely the same thing may be said of their common union (*Verband der Schweizerischen Consumvereine*), which centralises the common work more and more every year, and so becomes to a constantly increasing extent the great bond of union among local societies. The following figures will show how it has sped:—

|                   | 1901.         | 1902.     | 1903.     |
|-------------------|---------------|-----------|-----------|
| Trade - - -       | fr. 4,176,000 | 5,004,000 | 6,180,000 |
| Profit - - -      | fr. 14,100    | 45,500    | 80,400    |
| Share capital - - | fr. 33,900    | 38,000    | 41,000    |
| Amount guaranteed | fr. 180,000   | 180,000   | 180,000   |
| Reserve fund - -  | fr. 44,600    | 60,000    | 100,000   |

The central organisation acts, as has been said in earlier reports, not only as a wholesale society on behalf of the Swiss distributive societies, but also as a centre of propaganda for the diffusion of sound co-operative principles. The latter part of its work is specifically entrusted to the secretary's department, which maintains a vigorous activity in issuing publications. Among such is the weekly paper serving as the recognised "organ" of the union, the *Schweizerischer Consumverein*, in which questions of co-operative organisation and co-operation are discussed as they happen to come before public opinion. There is also a fortnightly sheet of a more popular character, the *Genossenschaftliches Volksblatt*, the object of which is to enlighten the great mass of members of distributive societies on the proper aims and objects of the co-operative movement. Some fifty distributive societies subscribe for a copy of that paper regularly on behalf of every one of their members. This publication has been found an admirable means of furthering co-operative propaganda among the great mass of the people. In addition to these two papers, the co-operative union also issues, since last January, a third, intended specially for French-speaking co-operators, entitled *La Coopération*. This sheet is very similar to the *Genossenschaftliches Volksblatt*. Its issue has not yet quite reached 5,000.

The union of agricultural co-operative supply societies answering to the *Verband Schweizerischer Consumvereine* is the *Verband Ostschweizerischer landwirthschaftlicher Genossenschaften*, having its seat at Winterthur. It embraces at present something like 130 local societies, not all of which, however, deal in ordinary store goods as well as in agricultural requirements. The collective membership of this union is somewhere between eight and nine thousand, and the annual

trade somewhere between three and four million francs. It is not possible to give more precise data, seeing that there are no collective statistical returns published. The union, being under the influence of protectionist proclivities, has not made much progress during the past few years.

In 1899 the two co-operative unions just referred to combined to a general union of co-operative societies. The fiscal controversy, arising soon after, has gone near breaking up this well-intended alliance, since the agricultural union took up a strongly protectionist position, and actively contended for protectionist aims, whereas the union of distributive societies fought as vigorously for free trade. Between the two no common work is possible while feeling upon fiscal questions runs as high as it does at present, and until the peasantry are brought to understand that the road by which their economic welfare is alone to be reached is not that of protection, but that of self-help and co-operation.

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## VIII. BELGIUM.

By A. MICHA, *Chairman of the Federation of Belgian  
People's Banks.*

IN a country like Belgium, in which co-operation has been established for forty years, and has long since taken a great variety of shapes, there is but little that is of importance to report from year to year. In the main, my earlier reports still describe our co-operation accurately enough. Nevertheless, there are one or two points which I may do well to bring under notice.

I want to point out that evidently the continuing growth of our co-operative movement is not due to enticing promises made or the use of the big drum. We do scarcely anything at all here in the way of propaganda, upon which our brethren in Great Britain and Germany spend large sums. Only the Roman Catholic *Boerenbond*, the *Peasant's League*, formed by Abbé Mellaerts, of Louvain, lays itself out in some measure for propaganda. We others do nothing in that direction; indeed, we neglect what opportunities we have. As for a co-operative press, we have one very good monthly journal, *Les Coopérateurs Belges*, edited and maintained by M. Louis Bertrand, the Socialist deputy. It has been in existence for fifteen years. Nevertheless, there are ever so

many co-operators in our little kingdom who do not yet know of its existence. The subscription is infinitesimal, 1s. per annum. Yet M. Bertrand has to make personal sacrifices to maintain it. The same excellent co-operator has recently brought his great work, *Histoire de la Coopération en Belgique*, which is out and out the best work of its kind that we have, to a conclusion. So small, however, is the interest felt in these things, that it seems doubtful if the book will pay its expenses.

Accordingly, if our co-operation continues growing and extending, it must be simply because it has been found to answer, and because those who do know it have learnt that it constitutes an admirable means of popular social improvement.

The "Federation of Socialist Co-operative Societies," which, in addition to being a Union, is also a wholesale society, has not advanced anything like so rapidly as its founders anticipated. They admit this themselves in their report for the year 1903. It is distinctively a Socialist organisation, which admits no society that does not subscribe to the programme of the Labour Party. The "Federation" business has not yet reached 1,500,000 francs, although the collective sales of the individual socialist Societies exceed 40,000,000 francs. Even the number of societies dealing with the Federation shows a diminution from 189 in 1902 to 175 in 1903. And this in the teeth of the fact that the number of shareholding societies has actually increased, only by four societies it is true, to 92. "There are so many prejudices to overcome, there is so much *amour-propre* still to be subdued, there are so many mistakes to correct, so many opposing influences to vanquish," so complains the Secretary, M. Victor Serwy, in his report, "that it would be madness to look for success at the close of a few years." However, he continues hopeful on the ground that there are still new societies continually joining the Union.

We are still without anything like complete or trustworthy co-operative statistics. There are such only for the agricultural co-operative societies. A report issued gives their number on the 31st December last at 2,001. However, that presumably included some societies that have ceased to exist. The number is taken from the official Gazette, the *Moniteur*. Now, the law requires only that societies forming should be reported to the *Moniteur*, not societies dissolving. Accordingly, on the latter point the *Moniteur* is not well informed.

Agricultural co-operative societies go on increasing in



number. There were 197 such societies newly formed in 1903, 59 being savings and credit societies, and 25 dairies. Dairies are no longer found in the same number as some years ago. They make almost exclusively butter. They have been much urged of late, more particularly by the Government, to make cheese as well. And it appears that cheesemaking must be profitable to them. For Belgium imports cheese annually to the value of about 12,000,000 francs, whereas it exports scarcely any. Thus far, however, the advice given has not been acted upon. The "Savings and Credit Societies" are societies of the pure Raiffeisen type, with scarcely any share capital to speak of, since their shares are worth only a franc or even only 10 centimes (1d.). They are denominational, that is "Catholic," having Abbé Mellaerts of the *Boerenbond* for their founder. There are now 313, at any rate in name, but in reality probably less. Those 313 lent out in 1903, 1,256,562 francs in 2,439 advances to small agricultural cultivators, and 544,440 francs in 440 advances to persons of other callings.

Our "People's Banks" of the Schulze-Delitzsch type have incomparably larger results to report. They do not show any large increase in number. But they prosper and do a good business. They are almost exclusively situated in towns and manufacturing centres. The oldest of them, the "People's Bank" of Liège, this year concludes the fortieth year of its existence. There can be no doubt that these banks have rendered admirable services to the country, more specifically to small trade and small industry.

One thing that our Belgian co-operation stands very badly in need of is co-operative education. Very little indeed is done in this respect.

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## IX. THE NETHERLANDS.

By G. J. D. C. GOEDHART, *Delegate of the Dutch Co-operative Union.*

A COMPARISON between the present position of co-operation in the Netherlands and that which I described two years ago, makes me feel that I have occasion neither to set up a shout of triumph nor yet to hang my head. We have not made any very striking progress; but neither have we stagnated, as I feared might be the case. However, there are at present unmistakable signs of life—signs also possibly of coming strife, such as for its own sake I should assuredly regret.

However, the prospect of its coming undoubtedly indicates a welcome, healthy awakening among Dutch co-operators which is likely to lead to a useful extension of propaganda.

There are signs of co-operative awakening observable above all things among our Socialists. Since I reported last, two years ago, our Socialists have taken up the co-operative movement in good earnest, and with that zeal and ardour which are the peculiar characteristics of a party in its youth. They have organised co-operative societies on the lines which appear to them the best, that is, they have created Socialist societies and a central organisation for their own particular use. By such Socialist action co-operation has ceased to be the neutral ground that it used to be, a union of effort in which every co-operator brings his own help to the great common cause, which is, to create a better "Society" by means of co-operative organisation of distribution, production, and trade. Such result certainly is to be regretted. However, since in nearly every country Socialists apparently have still to learn that the best organisation of human society is a task of far greater importance than organisation for purely political purposes, and that such organisation can be effected only by slow degrees, and solely by persons well versed in business, there is nothing surprising in the fact now disclosed that our Socialists are in this respect in the same case as others of their party, and that we, like other nations, should have to pass through this stage of learning. In Great Britain and in Germany co-operators have long since discovered that "union means strength," and that union of this strength-giving sort is to be brought about only by common action, which is content to treat co-operation as neutral ground, from which politics are kept excluded. And there the results obtained clearly show, to the delight of onlookers, that this is the only road by which victory is to be attained. Accordingly, it behoves us to point out again and again that the road which the Socialists have chosen for themselves is not the best road. Our victory may require a long time and cost us a severe struggle; however, we hold fast by the hope that sooner or later out of this conflict of opinion truth must emerge. In the struggle to be fought out, we shall have to show to the public which has not yet adopted the co-operative faith, that the object of co-operation cannot be only to fill a political party's war-chest, but that co-operation contains within it, so to put it, a complete arsenal of means for the economic reorganisation of society.

Passing over to an account of the present condition of co-operation in the Netherlands, I begin by quoting some figures.

## NUMBER OF DISTRIBUTIVE SOCIETIES.

|   | 1897.      | 1900.      | 1902.      | 1904.      |
|---|------------|------------|------------|------------|
| General distributive societies ...  | 55         | 72         | 78         | 102        |
| Butchers' stores ... ..   | 3          | 3          | 2          | 3          |
| Bakeries ... ..   | 22         | 34         | 48         | 63         |
| Stores for fuel ... ..  | 12         | 14         | 12         | 14         |
| Agricultural distributive societies<br>for the common purchase of<br>fertilisers ... .. | 122        | 166        | 189        | 206        |
| Agricultural distributive societies<br>for general purposes ... ..                      | 4          | 10         | 27         | 40         |
| <b>Total</b> ... ..   | <b>218</b> | <b>299</b> | <b>356</b> | <b>428</b> |

## NUMBER OF PRODUCTIVE SOCIETIES.

|  |            |            |             |             |
|--|------------|------------|-------------|-------------|
| Agricultural societies for the sale<br>of produce ... .. | 10         | 16         | 20          | 23          |
| Co-operative dairies ... ..                              | 266        | 416        | 498         | 564         |
| Dressmaking societies ... ..                             | 2          | 2          | 5           | 6           |
| Printing societies... ..                                 | 2          | 4          | 5           | 6           |
| Various productive societies ...                         | 10         | 19         | 37          | 59          |
| Credit and thrift societies ...                          | 28         | 87         | 140         | 234         |
| Building associations ... ..                             | 59         | 81         | 91          | 129         |
| <b>Total</b> ... ..                                      | <b>377</b> | <b>625</b> | <b>796</b>  | <b>1021</b> |
| <b>Combined totals</b> ... ..                            | <b>595</b> | <b>924</b> | <b>1152</b> | <b>1449</b> |

This table shows that there has been a steady increase in the number of societies from year to year. The 595 societies of 1897 have within seven years become 1,449. It is also evident that the greatest growth that has taken place is to be found among agricultural societies. There are now—

|  |             |
|--|-------------|
| Societies for common purchase of fertilisers                           | 206         |
| Societies for the sale of agricultural produce                         | 23          |
| Co-operative dairies ... ..  | 564         |
| Agricultural credit societies, mainly of the<br>Raiffeisen type ... .. | 234         |
|  | <b>1027</b> |

This leaves only 427 societies of a non-agricultural character, among which 129 are house-building associations. And of all these societies only 80 have joined the "Nederlandsche Coöperatieve Bond" (the Dutch Co-operative Union). The remaining societies hold aloof, partly owing to the defective organisation of Dutch co-operation generally, of which I have complained in earlier reports, and partly because Dutch co-operators have not yet been able to give to their movement that fiery impetus which is needed to bring it home to people

that co-operation constitutes an altruist movement destined to take its place some day at the head of the forces tending to bring about the economic regeneration of human society.

Nevertheless, efforts have not been wanting to make its main principles known. The "Nederlandsche Coöperatieve Bond" sends its propagandist emissaries about everywhere, and the steady increase in the number of co-operative societies shows that these men have done good work; it issues a valuable year-book, and since nearly a full year it has issued also a monthly journal which is remarkably well edited and is supported among other bodies by the Dutch Co-operative Women's Guild; it does what it can to assist newly formed societies; it has reorganised its trading section; it has called Congresses—in a word it does all that with the modest means at its disposal it is humanly speaking possible for it to accomplish. Let us hope that the struggle which appears to be coming over the question of political neutrality will have for one of its secondary effects, to fix public attention on co-operation and secure for it the affection of the growing generation.

The "Nederlandsche Coöperatieve Bond" has recently adopted a resolution under which it is to create a co-operative capital by means of saving up the profits accruing to its trading section. The large society of "Eigen Hulp" at the Hague is likewise preparing to follow the advice given it by Mr J. C. Gray, by inviting its members to forego drawing their dividends, in order to leave them in the hands of the society by way of loans, and so to enable the latter to afford pecuniary aid to new co-operative enterprises. Here are two welcome proofs of a genuinely co-operative spirit making way in the Netherlands which justifies fair hopes for the future. A growth of the same spirit is likewise evidenced by the striking increase in the number of building associations. That number has now grown to 129, and most of these societies are in a satisfactory condition. And the construction of working men's dwellings promises in the near future to take a further extension, the range of which it will soon not be possible any longer to measure by the number of co-operative building societies. For the new law on working men's dwellings, of which I spoke in my report prepared for the Manchester Congress, has now come into force. It empowers municipal authorities, parishes, &c., to advance to societies formed for the purpose of setting up working men's dwellings a substantial portion of the capital required, subject only to the one condition that not more than 4 per cent. interest is to be allowed to shareholders on their capital.

There is some difficulty attending the formation of such societies on strictly co-operative lines. Accordingly, some have already registered as ordinary societies, with the right of holding property, suing and being sued. Such societies, although not in form co-operative, and accordingly remaining outside the co-operative movement, really accomplish pretty much the same work as co-operative building associations.

The majority of our credit and thrift societies also hold aloof from the general co-operative movement. Part of these societies belong to the "Boerenbond," which is a denominational, Roman Catholic co-operative federation, formed for the sole purpose of assisting the small peasantry to the capital of which they stand in need to improve their own position and the character of their husbandry. Another section of these societies have grouped themselves round the Central Bank of Raiffeisen Loan Societies at Utrecht. The latter section has enjoyed the special favour of succeeding Governments ever since M. Goeman Borgesius, when Minister, assigned to them on State account an annual subsidy of 5,000 florins to meet their expenses of management. These Raiffeisen credit societies are slowly pushing their way through Holland, and there is reason to hope that the brilliant success of their co-operative dairies, of their societies for common purchase and common sale, and of their agricultural banks will at length bring home to our peasantry what co-operation really means, and that it contains within it a far greater creative and beneficent force than they have up to now imagined. If the seed thus sown were really to bear fruit, the battle of co-operation would be gained.

To conclude, co-operation is in this country still in its infancy, in the stage of infant maladies inseparable from such age. However, the breed is a good one, and promises fair growth. Once the movement has cast its colt's teeth, it bids fair to do credit to its parents.

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## X. DENMARK.

By M. P. BLEM, *Member of the Rigsdag ; Chairman of the Danish Co-operative Committee.*

ALTHOUGH co-operation has moved on in general in the old groove, since I last reported to the Congress of Manchester, the two past years have proved more than usually favourable to our work.

The societies based upon the Rochdale system have kept increasing and added to their turnover, but, no statistics having been published, no new figures can be quoted. There are probably at the present time over 1,000 societies in all, with collectively 150,000 to 160,000 members, and the total turnover amounts on an average to about £2,000 a year per society. That would bring up the collective turnover to about £2,000,000 annually, which means £500,000 more a year than the average of the preceding period.

The Co-operative Wholesale Society at Copenhagen now sells to 915 distributive societies, as against 675 two years ago. The turnover was in 1901, £750,000; in 1903, £1,100,000.

In addition to the ordinary co-operative societies there are 6 larger and 11 smaller societies for the common purchase of feeding stuffs, fertilisers, and seeds, with a collective membership of about 35,000 and a turnover of about £800,000 in the past year. The common purchasing societies collectively have upwards of 200,000 members and a turnover of about £2,800,000.

The *co-operative creameries* now number 1,057, with 150,000 members. The milk delivered during the last fiscal year was 42,500,000 centners, from which 1,580,000 cwts. butter were produced at a value of £8,400,000. This gives the lion's share in all dairying to co-operation. For apart from our co-operative creameries, there are only 188 ordinary dairies worked by private owners, each of whom buys the milk of a hundred cows or a little more, and turns it into butter or cheese; and 63 creameries belonging to larger estates in which farmers churn the milk of their own cows.

During 1903, Denmark exported 1,580,000 cwts. of butter at a value of £8,400,000, of which 95 per cent. was shipped to Great Britain. This is an increase compared with two years ago of 210,000 cwts. in quantity, and £1,100,000 in value.

According to British statistics quoted by *The Grocer*, Great Britain bought from Denmark during 1903, 1,580,000 cwts., or 43·4 per cent. of the total quantity of butter imported, and paid in respect of it £9,572,000, or 46·8 per cent. of all payments for imported butter.

The following table shows the production of butter by co-operative creameries :—

|      |   |   |   | Cwts.     |            |
|------|---|---|---|-----------|------------|
| 1901 | - | - | - | 1,370,000 | £7,300,000 |
| 1902 | - | - | - | 1,470,000 | 7,776,000  |
| 1903 | - | - | - | 1,580,000 | 8,400,000  |

Thus we go on from strength to strength.

The Danish creameries association for branding Danish butter was established in 1900. The object of this association is to protect the Danish export trade. To prevent falsification, a trade mark, the so-called "Lurmarke" (horn-mark) has been registered both in Denmark and in Great Britain. The association supplies staves, branded with such mark, to the various creameries, so that each cask may be provided with such a staff. At the same time a careful control is exercised, as the staves are numbered, and each creamery has its own number. The association now includes 1,240 creameries, that is, 90 per cent. of all Danish creameries, and an attempt is to be made to make the branding of casks with this mark obligatory for all butter producers in respect of exported butter.

The *co-operative slaughter-houses* at present number 30. In 1901 there were only 26. The number of the members is 67,200 as against 64,800 in 1901. However, only 27 slaughter-houses have been working during 1903, the other three having only recently been put up.

The following table shows the number of pigs and cattle killed and the quantity of eggs exported by the slaughter-houses during the last three years :—

|        | No. of<br>Pigs Killed. | No. of<br>Cattle Killed. | Eggs Exported. | Total Value. |
|--------|------------------------|--------------------------|----------------|--------------|
| 1901 - | 651,261                | 12,100                   | 2,600,000 doz. | £2,314,000   |
| 1902 - | 777,232                | 8,344                    | 2,700,000 "    | 2,722,000    |
| 1903 - | 928,850                | 17,131                   | 3,400,000 "    | 3,055,000    |

The average price paid for pigs was in 1901 and 1902, £3. 4s. 6d. apiece. In 1903 it was unfortunately only £3.

The price for eggs was in 1901 and 1902, 10d. per dozen ; and in 1903, 10½d.

Of pigs killed (for bacon), 96 per cent. were shipped to Great Britain ; of eggs exported, 97·5 went to Great Britain. Of the cattle killed, only 26 per cent. were exported to Great Britain, while about 50 per cent. went to Germany, and the remaining 24 per cent. to Norway. Denmark has altogether exported in 1903 bacon to the value of £4,228,000. The corresponding figures were for 1901, £3,364,000 ; and for 1902, £3,950,000.

According to British statistics, Great Britain has during 1903 bought from Denmark 1,533,180 cwts. bacon, or 29 per cent. of all the bacon imported into the United Kingdom, at a cost of £4,290,000, or 31·5 per cent. of the amount paid for all bacon imported.

The Danish farmers' co-operative egg export company had in 1903, 33,000 members (in 1901 only 30,000). It exported in 1903, £222,000 (in 1901 £183,000). The centres for collecting and exporting eggs, under the management of the co-operative slaughter-houses, number altogether 17,000 members. The society at Eshjerg has 15,000 members, and accordingly there were about 65,000 co-operators who have exported eggs among them of a value of £436,000 in 1903.

The total export of eggs produced in Denmark during the years 1901-1903 was as follows:—

|        | Dozens.    |            |
|--------|------------|------------|
| 1901 - | 31,700,000 | £1,182,000 |
| 1902 - | 35,883,000 | 1,329,000  |
| 1903 - | 38,741,400 | 1,522,000  |

According to British statistics, once more quoted from *The Grocer*, Great Britain has during 1903 bought from Denmark 34,650,000 dozen eggs, or 19·4 per cent. of the total quantity of eggs imported into the United Kingdom, at a cost of £1,650,000, or 25 per cent. of the total amount spent on the purchase of eggs.

|   |   |   |         |   |                        |
|---|---|---|---------|---|------------------------|
| The co-operative societies for common purchase now have | - | - | -       | - | about 200,000 members. |
| The co-operative creameries                             | - | „ | 150,000 | „ |                        |
| The co-operative slaughter-houses                       | - | „ | 67,000  | „ |                        |
| The egg export centres                                  | - | „ | 65,000  | „ |                        |
| Total   | - | - | -       | - | 482,000 members.       |
| as compared with in 1901                                | - | - | -       | - | 400,000 „              |

The total turnover of these societies was—

|         |   |   |   |   |             |
|---------|---|---|---|---|-------------|
| In 1901 | - | - | - | - | £12,080,000 |
| „ 1902  | - | - | - | - | 12,890,000  |
| „ 1903  | - | - | - | - | 14,214,000  |

and their total production of butter, bacon, and eggs—

|         |   |   |   |   |            |
|---------|---|---|---|---|------------|
| In 1901 | - | - | - | - | £9,800,000 |
| „ 1902  | - | - | - | - | 10,570,000 |
| „ 1903  | - | - | - | - | 11,414,000 |

As the total exports of Denmark during 1903 were somewhat under £20,000,000, it will be seen that the exports of our co-operative societies, being £11,414,000, amounted to 57 per cent. of the total exports from Denmark.



## XI. SWEDEN.

By G. H. VON KOCH, *Secretary of the Swedish Co-operative Union.*

DURING the two years that have elapsed since I last reported on the co-operative movement in Sweden, progress in that province has been steady, though not particularly showy. The number of co-operative societies has increased, but there are no statistics to indicate precisely what the growth has been. The societies established some time show improved figures for sales and profits as well as for membership. Of 73 organisations composing the Co-operative Union, 35 only have made returns. These are as follows:—

|                              |   |           |         |
|------------------------------|---|-----------|---------|
| Collective number of members | - | 8,939     |         |
| Collective share capital     | - | 188,335   | kroner. |
| Collective sales             | - | 3,083,417 | „       |
| Collective net profit        | - | 150,822   | „       |

The Co-operative Wholesale Society, formed in 1900, has come to a premature end, which is to be accounted for by various causes. However, to some extent it has found a substitute. For the Co-operative Union has organised an agency which is to carry on wholesale work till a genuine wholesale society can once more be formed. During the first three months of its existence that agency had negotiated sales to the value of about 150,000 kroner.

Since last March the Union can boast an organ of its own, *Kooperatören*, which already circulates freely.

The want of sufficient working-men's dwellings in Stockholm and in several other districts has given rise to the formation of some co-operative organisations known as "Dwellings Unions" and "Own Homes Unions," whose object it is to set up suitable dwellings for their members. Such efforts promise to prove all the more successful in the future, since the *Riksdag* has only a few months ago decided to make advances from State funds for the purpose, on certain conditions.

The number of co-operative creameries in 1902 rose to 436.

The most important development in the province of Swedish co-operation is, however, to be seen in the co-operative movement among farmers. It is true that organisations, known as "Farmers' Societies," have existed in various places for decades back, but it is only within the very last few years that a genuinely co-operative movement among agriculturists has sprung up. In 1900 some purchase societies on

the German model led the way in one of the northernmost *Läns*,\* viz., that of Vesternorrland, on the initiative of the official agriculturist of the *Län*, Dr E. O. Arenander. Now within that *Län* a co-operative society of this sort is to be found in almost every parish, that is, there are fully sixty in all. These societies have combined to form a federation, which in 1903 had an aggregate sale of 98,272 kroner worth of goods (as against 34,000 kroner in 1901). The federation negotiates purchases with larger firms, and all commerce is done in cash. Another organisation for common purchase is now contemplated in Skane, the southernmost province. As a preparatory step, a central organisation has already been formed there, which includes a number of smaller local societies. The latter make their purchases through the central organisation either for cash or at most at six months' credit. Furthermore, there is a society of farmers recently formed in the province of Blekinge, which purchases goods in common for the benefit of its members.

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## XII. NORWAY.

By ISAK BJERKNES, *Secretary of the Norwegian Ministry of Agriculture.*

CO-OPERATION may be said to have been known in Norway as long ago as the middle of the last century, when associations of landed proprietors were formed for the purpose of enabling their members to benefit by loans raised on the security of their collective property, which was jointly and severally mortgaged as security. The Norwegian Parliament, *Norske Storting*, on 15th September 1851, passed an Act which concedes certain privileges to such associations (provided that their rules have been approved by the King). However, this Act remained a dead letter, for as far as my knowledge goes, no association in our country ever profited by such privileges, for the simple reason that no association was ever formed under the Act. The reason probably was that the formation of a mortgage bank (*Hypothekbank*) supported by the State, which advances money on mortgage of real property, met the requirements of the proprietors in question sufficiently well.

However, there were other signs of a co-operative awakening to be observed something like forty years back.

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\* *Läns* are administrative districts in Sweden.

In the year 1866 the first really co-operative association in this country was formed in the shape of the *Christiania Seildügsfabrik* (canvas manufactory), and at about the same time a working man from Western Norway, who had been in England, returned to Stavanger, his native town, where he tried to put the co-operative principle into practice by forming a co-operative society.

The idea rapidly "caught on." Co-operative associations were formed both in town and in country, so that by 1875 the number of such societies known to exist already reached 290, with as many as 33,000 members. These societies had collectively a turnover of about 9,000,000 kroners (£1 is equal to about 18 kr.).

However, even those who had become members of these co-operative societies scarcely knew, though practising co-operation, what co-operative aims and co-operative action really mean; and the societies suffered from having been established without the ground for them being sufficiently prepared by the education of co-operators. As it is, co-operation in our country is difficult by reason of the very scattered state of the population and the great distances to be covered in communication. The greater are the obstacles the more necessary of course is it that those who mean to practise co-operation should be well grounded in its principles. This condition not having been fulfilled, in our case, as an almost inevitable result, serious mistakes were committed, and as a consequence, not only did the societies suffer loss, but the entire movement became discredited. Neither working men nor the peasantry would any longer believe in co-operation that produced such results, or trust societies that were so mismanaged. The earlier "boom" was followed by a discouraging "slump," and the number of co-operative societies for a time seriously diminished.

The close of the century, however, brought about a change. Since 1890 the number of co-operative societies has once more increased. In 1894 a provincial meeting of the societies existing was called to attempt the formation of a union. The attendance, however, proved insufficient. Nevertheless there was an interesting discussion, among other subjects, upon the questions of establishing a wholesale society, and of drawing together the existing societies into closer union. The proposals proved impracticable at the time, and since then no further gathering has been called.

Almost at the precise time when the conference just spoken of took place, the Norwegian Government offered to pay the expenses of a competent person to go into other

countries and study there what there was in the way of co-operation.

The gentleman selected for the task was Mr O. Dehli, advocate at the High Court, who promptly set out on his journey, and on his return drew up a full report. Not content with this, Mr Dehli at once started vigorously upon propagandist work for the promotion of the co-operative cause in Norway, partly by means of lectures and partly also by strenuous advocacy in the press. The result was a visible animation of interest shown, which had the effect of increasing the number of co-operative societies in Norway by 1900 to about 260, with about 28,000 members, and a turnover probably of 12,250,000 kr. However, the want of union and common action among the societies still continued to hamper the movement. Reason and common-sense are, however, beginning to assert their right. The leading members of the movement are being brought to understand that union is necessary; and since by this time the co-operative idea is better mastered, a better result may probably be looked for. It is proposed to call a fresh meeting, at which the two questions of closer union and the establishment of a wholesale society are to come on once more for discussion. Let us hope that a good result will be obtained.

In the province of distributive co-operation, then, there is not very much that is brilliant to record, though results are not altogether unsatisfactory. Better progress has been made with respect to co-operation in agriculture. Various causes have contributed to give to our Norwegian agricultural co-operation rather distinctive features. We have not, as our neighbours have in Germany, begun with setting up a number of co-operative credit societies. Our saving banks practically serve the same purpose; they employ part of their capital in loans and advances taking various forms, with the object not so much of earning a maximum of interest as of putting the money to fructifying use, and meeting a known and just requirement of the population. With such a resource to fall back upon, it is quite natural that our agricultural co-operators should have aimed first at different objects.

In the first place, they directed their attention to the important question of improving the breed of cattle. Next they sought to stimulate the profitable sale of agricultural products, and above all things of milk, and the products of milk. Thus it comes about that we have now something like 800 societies for the keeping of bulls of improved breeds for common use, and about 40 control societies, to test the results

of more scientific breeding as showing themselves in returns, and about 830 co-operative dairies and cheeseries. Furthermore, we have distinct associations for the sale of butter, and two associations for the export of butter severally in Western and in Northern Norway, as well as a couple of co-operative slaughter-houses. To these must be added a few other co-operative undertakings, such as moss-litter factories, some societies for the sale of eggs, associations for breeding horses, and some more of a similar character.

Finally, our farmers, being anxious to purchase feeding stuffs and artificial fertilisers cheap and of good quality, have formed supply associations for that purpose. It is true that, judged from a strictly co-operative standpoint, some of these associations still show faults and blemishes. Thus the local associations are still practically administered from above, by the unions, whose province extends over several counties, raising the requisite funds by the pledging of securities. However, the societies, in effect, render most valuable service in procuring for their members wares which are at once good in quality and cheap. And we co-operators who are not agriculturists rather envy them, in spite of defects, the precious acquisition of union and common action over a wide sphere, which we still lack. Union and centralisation have produced the usual useful results. The local societies are now grouped in three central Unions, viz., one for Northern Norway, and one each for Western and for Eastern Norway. The last named of these is the largest, and has a yearly turnover of about 1,500,000 kr., which from our point of view must be considered a very successful result.

Quite recently attempts have also been made to form a permanent committee to promote co-operation steadily in our country, but this plan has hitherto not been carried into effect for want of the necessary funds.

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### XIII. ICELAND.

By THORHALLUR BJARNARSON, *Chairman of the Búnadarfðag Islands.*

ICELAND is an agricultural country, with about 64 per cent. of its population directly dependent upon agriculture, mainly pastoral, and none too highly developed. Its exports consist mainly of wool, meat, butter, horses, and the like. Iceland horses, more particularly the peculiar local breed of ponies (of which there are something like 1,500,000 in the island),

enjoy a good reputation. Something like 3,000, supplied by co-operative societies alone, go to the British Isles every year. Sheep breeding is one of the peculiar economic mainstays of the country. There are said to be 1,203 sheep in the island to every 100 inhabitants, and up to 1896, when the British Parliament prohibited live imports of the kind, a considerable number of live sheep used to go annually from Iceland to Great Britain, about 60,000 a year from co-operative societies only. Most of such co-operation as Iceland has to show is, accordingly, agricultural. The earliest beginnings of such co-operation date from 1844, when in the district of Sudur-píngeyjasýsla peasants combined in a tentative way to small societies for the more advantageous disposal of their produce and purchase of necessary commodities. About 1848 the movement spread to the district of Reykjavík. No real advance was, however, made until about 1880, when the movement became general, practically extending over the whole island. It was still farmers and peasants who combined, severally the “*pöntunarfjölög*,” that is, “societies for giving collective orders,” and “*kaupfjölög*,” that is, “societies for cheapening goods.” The objects which such societies pursue may be classed under four heads :—

1. The cheapening of commodities (mainly foreign) which have to be purchased, by reducing both the original price and the cost of carriage.
2. Greater profitableness of sales by improvement of quality and obtainment of better prices.
3. The suppression of truck in the employment of labour.
4. The improvement of national well-being by keeping the profits earned in the country.

Co-operation of this sort has, after all, made good head-way, and may be pronounced fairly prosperous. Not a few of the societies referred to dispose of a rather considerable share capital, which they are steadily bent upon increasing while reducing the loan capital on which they are still to some extent dependent. The turnover in some societies totals up to about 200,000 kr. (say £10,000) a year. Generally speaking it is, however, less. The societies are in organised union among themselves, and maintain at Reykjavík a central office, the “*Búnadarfélag Islands*,” the position of which corresponds in the main to that of the “*Pellervo*” in Finland. The transactions being mostly with foreign countries, the societies employ an agent stationed permanently abroad (in Newcastle-on-Tyne), who in spring purchases whatever is likely to be

wanted for the societies, and during the summer and autumn disposes of their produce for common account. Any surplus netted is at the close of the year divided among the societies and their members *pro rata*. Should there be a deficiency, the agent is credited with the amount as a loan, bearing interest, which is wiped out in the succeeding year in the account for the new business. Some of the societies maintain local stores in which they sell the purchased articles, dividing the profits at the end of the year in proportion to purchases. The goods are sold at as low a price as is found practicable.

Since about 1900 Iceland also possesses a small number of co-operative dairies on the Danish model. The movement began with a small number of peasant farmers living pretty close together combining to churn and sell their butter in common. An unpretentious house was set up at a convenient spot, by preference near running water, to supply water power. However, the movement soon developed, although it still remains confined in the main to the southern portion of the country, more particularly the districts of Arnessysla and Rangarvallasysla. On 1st November 1900 a dairy school was started, having a Danish dairy manager as principal. Here since that time men and women have been carefully trained for the business, and no co-operative dairy now employs any manager or manageress who has not gone through a course of training at the school and passed an examination. The members of each society deliver, not their milk, but their cream, ready skimmed, once a day to the dairy. There it is worked in common, and the butter produced is sent in weekly consignments to the nearest seaport for export. Pending the departure of the next vessel it is stored in an icehouse. The cream having been tested for richness, profits are distributed among members in proportion.

Although the business of these dairies is restricted to the summer season only, say three or four months, the industry has already given promise of considerable benefit to national agriculture. The number of co-operative dairies still stands only at 15, with 338 members, turning out among them about 100,000 lbs. of butter per annum. Their organisation is simple. All members make themselves liable without limit. Each is expected to contribute a cream separator and six cans for conveyance. For the supply of the first funds the dairies are dependent upon State assistance. The Government makes a grant of 2,000 kr. to every newly formed dairy, and in addition allows a bounty of 15 öre (about 2d.) on every pound of butter exported. Inasmuch as between 5,000 and 6,000 kr. is required to set up a dairy, the Government grant is not

found sufficient. However, the balance is provided by means of a Government loan on easy terms. The money is advanced for 20 years at 3 per cent. No repayment of principal is exacted during the first five years. But the whole should be repaid within the following 15 years.

Under such encouragement there are eight new dairies at present forming, with collectively 300 members.

Something like 130 societies are also in existence all over the island for collective work for the improvement of agriculture proper, *i.e.*, the manipulation and cultivation of the soil.

A beginning has likewise been made with the formation of societies for the improvement of live stock.

Apart from purely agricultural co-operation there have also been for a long time past co-operative societies composed of fishermen, more particularly such engaged in the herring fishery, for the combined equipment of boats, the entertainment of cold storage cellars and the carrying on of the fishing trade. The largest cold storage society is at Reykjavik; it does an annual trade of about 30,000 kr.

Insurance is also practised on co-operative lines, since thirty or forty years. There are more in particular several underwriting societies to insure shipping, the oldest of which, at Akureyri, exists since 1866.

Also artisans have already begun to combine for the common purchase of tools and implements, so that, in general, the cause of co-operation appears to be advancing.

## XIV. RUSSIA.

### (A.) GENERAL STATISTICS.

By Colonel J. GEREBIATIEFF, *Member of the Central Committee of the International Co-operative Alliance.*

#### I. DISTRIBUTIVE SOCIETIES.

##### 1. *Progress made between 1898 and 1904 in the Formation of Co-operative Distributive Societies in Russia.*

|                     | 1st. Jan. 1898. | 1899. | 1900. | 1901. | 1902. | 1903. | 1904. |
|---------------------|-----------------|-------|-------|-------|-------|-------|-------|
| Retail societies    |                 |       |       |       |       |       |       |
| in existence -      | 307             | 307   | 523   | 587   | 654   | 801   | 926   |
| New societies       |                 |       |       |       |       |       |       |
| formed - -          |                 | 240   | 90    | 81    | 156   | 139   |       |
| Societies dissolved |                 | 20    | 24    | 20    | 9     | 14    |       |



2. *Particulars relating to Distributive Societies in 1902.*

|   |   |   |   |            |
|---|---|---|---|------------|
| No. of societies in existence at the end of 1902  |   |   |   | 801        |
| No. of societies having furnished returns to the Permanent Committee on Co-operative Distributive Societies | - | - | - | 248        |
| Total membership (in 248 societies)   | - | - | - | 146,550    |
| Total number of employees   | - | - | - | 3,089      |
|   |   |   |   | Roubles.*  |
| Collective share capital  | - | - | - | 3,174,940  |
| Collective loan capital   | - | - | - | 810,684    |
| Reserve funds   | - | - | - | 802,061    |
| Land, building, machinery, owned by societies   | - | - | - | 683,724    |
| Fixed stock of furniture  | - | - | - | 289,646    |
| Investments in securities   | - | - | - | 184,558    |
| Total trade expenses  | - | - | - | 2,318,728  |
| Purchases during the year   | - | - | - | 23,092,381 |
| Sales during the year   | - | - | - | 25,958,508 |
| Net profits   | - | - | - | 1,019,409  |
| Interest paid on shares   | - | - | - | 193,770    |
| Dividend upon purchases   | - | - | - | 564,847    |

3. *Average Figures.*

|   |   | Per Society. | Per Member. | Per cent. upon Sales. |
|---|---|--------------|-------------|-----------------------|
| No. of members                          | - | 591          | ...         | ...                   |
| No. of employees                        | - | 12           | 0.02        | ...                   |
|   |   | Roubles.     | Roubles.    | Roubles.              |
| Share capital                           | - | 12,802       | 21.7        | 12.2                  |
| Loan capital                            | - | 3,269        | 5.5         | 3.1                   |
| Reserve funds                           | - | 3,234        | 5.5         | 3.1                   |
| Liabilities of societies                | - | 20,426       | 34.6        | 19.5                  |
| Value of land, buildings, and machinery | - | 2,757        | 4.7         | 2.63                  |
| Value of stock of furniture             | - | 1,168        | 2.0         | 1.12                  |

\* 94.5 roubles = £10.

|   | Per<br>Society.<br>Roubles. | Per<br>Member.<br>Roubles. | Per cent.<br>upon Sales.<br>Roubles. |
|---|-----------------------------|----------------------------|--------------------------------------|
| Investments in State and other securities -   | 784                         | 1·3                        | 0·71                                 |
| Owing to the societies for goods              | 12,673                      | 21·4                       | 12·1                                 |
| Cash in hand in bank -                        | 2,915                       | 4·9                        | 2·78                                 |
| Value of stock-in-trade -                     | 25,598                      | 43·3                       | 24·5                                 |
| Permanent salaries of committees              | 194                         | 0·33                       | 0·19                                 |
| Salaries and wages of employees               | 4,513                       | 7·63                       | 4·31                                 |
| Other trade expenses -                        | 4,355                       | 7·37                       | 4·16                                 |
| Depreciation -                                | 285                         | 0·48                       | 0·27                                 |
| Goods purchased from co-operative societies - | 1,052                       | 1·78                       | ...                                  |
| Goods purchased elsewhere -                   | 93,114                      | 157·6                      | ...                                  |
| Total trade expenses -                        | 9,350                       | 15·82                      | 8·93                                 |
| Sales during the year -                       | 104,671                     | 177·1                      | ...                                  |
| Net profits -                                 | 4,364                       | 7·38                       | 4·16                                 |
| Interest on shares -                          | 781                         | 1·32                       | per ann. 6·1                         |
| Dividend upon purchases -                     | 2,278                       | 3·85                       | 2·7                                  |
| Committees' shares in profits                 | 233                         | 0·40                       | 0·22                                 |
| Employees' shares in profits -                | 139                         | 0·24                       | 0·13                                 |
| Carried to reserve fund -                     | 307                         | 0·52                       | ...                                  |
| Paid to permanent Commission                  | 2·6                         | 0·004                      | ...                                  |
| Paid for educational purposes                 | 43                          | 0·07                       | ...                                  |
| Paid for charitable purposes -                | 15·5                        | 0·03                       | ...                                  |

## II. WHOLESALE CO-OPERATION.

|   | No. of<br>Societies<br>in Union. | Share<br>Capital<br>(Subscr.).<br>Roubles. | Share<br>Capital<br>(Paid up).<br>Roubles. | Trade<br>in the<br>Year.<br>Roubles. |
|---|----------------------------------|--|--|--------------------------------------|
| 1. The Moscow Union of Co-operative Distributive Societies, from 1st Nov. 1902 to 31st October 1903 - | 131                              | 38,850                                     | ...  | 260,420                              |
| 2. The Co-operative Wholesale Society, in St Petersburg, in 1903 -                                    | 15                               | 13,700                                     | 4,685                                      | nil.*                                |

\* According to their Rules, the Co-operative Wholesale Society cannot commence actual business until their share capital reaches the sum of 15,000 roubles.

## III. CREDIT ASSOCIATIONS IN RUSSIA ON 1ST JANUARY 1902.

1. *Number and Membership.*

|  | No. of<br>Societies. | No. of<br>Members. | Loans made<br>by Societies.<br>Roubles. |
|--|----------------------|--------------------|---|
| 1. Co-operative rural credit<br>and savings banks in<br>1901 - -           | 723                  | 285,785            | 32,484,721                              |
| 2. Other credit societies in<br>1901 - -                                   | 87                   | 18,988             | 661,316                                 |
| 3. Savings and provident<br>societies in 1901 -                            | 4,568                | ...                | 52,865,603                              |
| 4. Village banks established<br>under the model rules<br>of 1885 in 1901 - | 582                  | ...                | 8,033,266                               |
| 5. Communal funds in 1901  | 1,849                | ...                | 5,182,915                               |
| <b>Total in 1901 -</b>   | <b>7,809</b>         | <b>...</b>         | <b>99,227,821</b>                       |

2. *Particulars of Transactions of Co-operative Rural Credit  
and Savings Banks in Russia in 1901.*

|  | 1st Jan. 1901. | Increase<br>during Year. | Decrease<br>during Year. | 31st Dec. 1901. |
|--|----------------|--------------------------|--------------------------|-----------------|
| No. of societies to which<br>the figures relate -        | 644            | ...                      | ...                      | 683             |
| No. of members -   | 257,333        | 48,836                   | 23,383                   | 282,786         |
|  | Roubles.       | Roubles.                 | Roubles.                 | Roubles.        |
| Share capital - -  | 8,426,343      | 1,750,906                | 828,083                  | 9,349,166       |
| Reserve funds - -  | 2,377,215      | 220,615                  | 34,530                   | 2,563,300       |
| Various other special<br>funds - - -                     | 224,939        | 80,598                   | 43,281                   | 262,256         |
| Profits - - -  | 908,734        | 2,789,708                | 2,757,943                | 958,915         |
| Deposits received -                                      | 14,607,758     | 12,604,646               | 10,265,018               | 16,947,216      |
| Loans obtained by<br>societies - -                       | 4,587,882      | 5,025,621                | 4,785,182                | 4,828,321       |
| Money merely passing<br>through societies<br>hands - - - | 858,574        | 938,146                  | 722,305                  | 1,074,415       |
| Loans made by societies                                  | 26,976,176     | 46,293,822               | 42,884,661               | 30,385,337      |
| Cash in hand - -   | 4,789,775      | 67,328,163               | 66,795,694               | 5,322,244       |

|   | Roubles.  |
|---|-----------|
| Interest on shares - - -  | 502,493   |
| Interest on loans and profits - -                               | 1,071,400 |
| Salaries of committees - - -                                    | 333,293   |
| Wages of employees - - -  | 151,240   |
| Other expenses - - -  | 254,925   |
| Carried to reserve funds - - -                                  | 126,290   |
| Remuneration of committees (apart<br>from fixed salaries) - - - | 87,269    |

On the 1st January 1903 there were in Russia 288 rural agricultural societies and 160 artels.

There are no statistics obtainable relating to transactions of these societies.

## (B.) RUSSIAN POLAND.

By CASIMIR DE WEYDLICH, *Delegate of the Agricultural Syndicate of Podolia.*

THE co-operative movement cannot be said to have really gained a footing in the part of ancient Poland which has Warsaw for its capital and contains a population of some ten million souls—about a third of the entire Polish population of Russia—until within the last decade. Up to that time harsh legislation stood obstructively in the way and rendered all efforts futile. Even at the present time Russian legislation opposes serious obstacles to the extension of co-operation. Applying for Government approval in the case of a society newly forming—more particularly if the rules adopted differ at all from those recommended by the Government—means a long job indeed and a troublesome one. And the model rules drafted and recommended by the Government are in many cases absolutely inapplicable, for the simple reason that they provide only for two distinct kinds of societies, namely, agricultural societies and credit societies of a particular type. That leaves our credit societies in many cases in a difficulty. For we have no fewer than four distinct types of such societies established among ourselves. They are as follows:—

(1.) Mutual credit associations, which carry on all manner of banking business, more particularly discount and

re-discount of promissory notes. Such societies do not limit their share capital to any given sum. They issue shares varying in value from 10 to 100 roubles and involving liability extending to ten times the value of the share. That same figure, ten times the amount of the share, also limits a member's claim to credit. We have at present in Poland proper twenty-nine societies of this sort, of which twenty-four at the close of 1902 numbered 16,224 members, having dealt out in advances in that year 18,282,859 roubles.

(2.) Next, we have credit and saving societies. They number 102 at the present time. They are an older institution than the "mutual" societies. They raise a share capital, without limit, by the issue of 100-rouble shares. Every member is entitled to a credit of  $1\frac{1}{2}$  times the value of his share without any further security. If he can obtain the signature of another member to his bond, he becomes entitled to  $4\frac{1}{2}$  times the value of his shares in addition. Also, he is entitled to deposit a definite sum, ranging from the sixfold to the tenfold of his share, with the society to bear interest. Of the 102 societies, fifty-six reporting numbered in 1901 28,899 members. They had in that year made advances to the amount of 2,997,168 roubles.

(3.) Next follow "small credit" societies. They have no share capital, but depend for all their working money entirely upon either the State bank or else private lenders. No loan of theirs is allowed to exceed 300 roubles. Members are made liable for twice the amount of the credit to which they are entitled, and are allowed to leave the society only after two years at least of membership. While members, they are liable for their society. There are at the present time fourteen societies of this sort, with 4,238 members. In 1901 they lent out collectively 220,777 roubles.

(4.) Then there are industrial loan societies, only six at present, with 17,526 members. But they do a large business among the industrial classes, making advances mainly for the purchase of raw material. In this way, in 1902, they lent out 8,260,924 roubles.

Apart from these four varieties of credit societies, a word of mention is just due to the communal treasuries, not as if they were in any way co-operative, but because they are at the present time actually the only financial institutions (barring usurers) open to the peasantry. There are as many as 1,319 of these institutions. They lend out the money belonging to local corporations, as circumstances may seem to require, to the total amount in 1901 of 22,362,720 roubles, under the direction of Government officers administering them.

In respect of distributive co-operation thus far only very little indeed has been attempted in Russian Poland proper. There are actually nineteen distributive societies in existence. And they appear stationary. Nothing is known with regard to their capital or membership.

Agricultural co-operation, for the common purchase of machinery, implements, fertilisers, seeds, feeding stuffs, &c., is much better provided for in its upper strata. There are nine large and influential co-operative societies, distributed over as many provinces—one to each society—ministering to the wants of large landowners. They raise their capital, which is unlimited, by the issue of 100-rouble shares. Their membership at present nearly reaches 3,000, their share capital amounts to 360,000 roubles, and their annual trade exceeds 3,500,000 roubles. Each society appoints local agencies in the principal towns of its province. The manner of doing business is the same as in most other co-operative societies. Five per cent. interest is paid on capital, five per cent. is carried to reserve, and the balance is divided among customers in proportion to their purchases.

Small proprietors have during the past two years tried to organise similar co-operation of their own for the same purposes. However, the law stands hinderingly in the way. The Government has not authorised any model rules for such societies. They circumvent it in this way. Those who are willing to form a co-operative society—as a rule thirty or forty from one locality—meet in presence of a public notary and subscribe to four several declarations. The first says that they have resolved to form a society for the common purchase of various kinds of articles required for agriculture, and also the common sale of produce; the second, that each member subscribes such and such a sum (as a rule from ten to thirty roubles), limiting his liability to that amount; the third, that those present elect three persons to conduct the business for the society, and a cashier, such persons not to be remunerated until the funds of the society permit it; and the fourth, commissions the officers of the society to provide the members with good seed, which they engage to sow in distinct fields or plots, delivering the crop so produced, when reaped, to the society for sale in common, on the understanding that the proceeds are to be fairly shared.

The mere fact that within one year as many as 122 societies of this description have been formed, goes to show that there is a great want of such an institution. Faulty as the present organisation is, one may be thankful that this kind of co-operation is spreading, because it shows that the

peasantry, who only a little while ago could not be brought to believe in co-operation, have been taught to appreciate its value, and are resolved, in spite of the obstacles lying in the way, to practise it. If the Government would only condescend to approve rules applicable to such societies, without question the country in little time would be overspread with them.

"Poland" proper, the "Government of the Vistula," is not the only Polish province of Russia. There are besides: Lithuania, Volhynia, Podolia, and the Ukraine, which among them have a population of about 20,000,000. In respect of this large area there are even less statistical data to quote from. However, the following facts may be stated:—

(1.) The rural population of this wide district is at the present time kept altogether apart from, and out of real touch with, the other population by the political organisation in force; and it is extremely difficult to exercise any influence upon it or to bring it to understand the value of co-operative institutions. Money is very badly wanted by the small agriculturists. But for the supply of money by credit they have only the communal treasuries to turn to, and the funds there laid up are altogether inadequate to the purpose. Accordingly the people are constrained to fall back upon usurers. In towns, manufacturers and merchants combine to form credit unions, and within the past six or seven years as many as 60 or 70 such societies have been formed adopting the model rules approved by the Government.

(2.) Furthermore distributive societies have managed to gain something of a footing in not a few towns. There are at present about 200 such societies, issuing for the most part 10-rouble shares, and having no limit to their share capital. The members of such stores are in the main employees and working men. As a rule 5 per cent. interest is allowed on capital, and the surplus remaining is shared out among customers.

(3.) Beyond this there are ten large agricultural supply societies similar to those in "Poland" proper. As in that country, each society occupies one particular province, transacting its business with the help of local agents whom it appoints. Their shares are of the value of 100 roubles, and their capital is without limit. Of the profit netted, 5 per cent. goes to reserve. Whatever is required to pay 5 per cent. interest (or less) on capital is next appropriated to that purpose. That is, as a rule, from 30 to 35 per cent. of the surplus. From 15 to 20 per cent. is divided among the

officers of the society. And the remaining balance, about 50 per cent., is distributed among customers in proportion to their purchases, with the addition of any balance remaining over from the shares allotted to interest on capital.

The following figures, relating specifically to one of these societies, that of Podolia, which has its branches in Kamenetz, Winnitza, and Rachny, and to the year 1903, will give some idea of the trade carried on by these bodies. This particular society was formed in 1898, and began business in 1899. In consideration of the growing extension of its business it has just established a fourth principal branch at Mohylew.

#### AGRICULTURAL CO-OPERATIVE SOCIETY OF PODOLIA, 1903.

|  |   |   |   |   |   |         |         |
|--|---|---|---|---|---|---------|---------|
| Membership   | - | - | - | - | - | 200     |         |
| Share Capital  | - | - | - | - | - | 30,000  | roubles |
| Reserve Fund   | - | - | - | - | - | 4,228   | "       |
| Sales—(a) Machinery and implements                               | - |   |   |   |   | 171,752 | "       |
| (b) Fertilisers and feeding stuffs                               | - |   |   |   |   | 90,579  | "       |
| (c) Seeds  | - | - | - | - | - | 15,205  | "       |
| Proceeds of corn sold in common                                  | - | - |   |   |   | 172,534 | "       |
| Accordingly goods were sold to members to<br>the value of        | - | - | - | - | - | 277,536 | "       |
| And corn was disposed of for members'<br>account to the value of | - | - | - | - | - | 172,534 | "       |

Profits amounted to 6,261 roubles, out of which 313 roubles was carried to reserve, 1,351 roubles was paid in interest on capital, 832 roubles was paid to the members of the committee in extra remuneration, 357 roubles to employees, and 3,408 roubles was distributed in dividends among members.

#### (C.) THE RAILWAY EMPLOYEES' CO-OPERATIVE SOCIETY OF PERM.

By Mr SCHYMARIEF, *Chairman of the Society.*

THIS society, at present a very flourishing one, numbering 11,888 members, was formed in 1896 on co-operative lines, out of a provision store maintained for the benefit of employees on the Ural Railway, since rechristened the Perm Railway, with a rather considerable capital. This was a beginning in co-operation in a district in which otherwise very little is known about that form of common enterprise, and little



practised. Apart from handing over the concern, the railway authorities assisted by allowing every employee on the line to join, and to share in any surplus. As a matter of fact, about 60 per cent. of the employees and workmen of the line (only such are entitled to become members) have joined the society, and since trading with non-members is permitted, 70 per cent., that is 13,421, purchase their goods from the society. The society has the entire line for its province, and maintains branch stores at various stations. The principle adopted is the usual one, the profits being divided among the purchasers, who are permitted to pay up their shares out of dividends. Even when the share is fully paid up, they are still allowed to leave the dividends accumulating.

There is a savings department in the society as well, in which employees are free to deposit. As a matter of fact, only the poorer do; the better paid lodge their deposits with the State bank, which maintains savings bank offices open at all stations. There is also another savings bank on the line specifically organised for the employees, which has nothing to do with the society.

The society attaches much importance to the diffusion of education, and spends from 5,000 to 10,000 roubles annually on the education of children of the poorer among its members, besides contributing to the maintenance and erection of schools for such children. Some of these are boarding-schools.

The society also has a library which it has taken over, together with the store, from the railway company (which formed it for the benefit of its employees), and on which it spends from 2,000 to 3,000 roubles annually for the purchase of books. The books are kept at two distinct points on the line. However, to make the library more useful, further branch depôts are to be created.

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## XV. FINLAND.

By DR HANNES GEBHARD, *President of the Society "Pellervo."*

CO-OPERATION has advanced rapidly in Finland since I last reported, thanks above all things to the tireless energy of the "Pellervo."

While there was no co-operative law under which to form co-operative societies, co-operative effort took the shape mainly of the formation of peasants' societies resembling the

French agricultural syndicates. Their object was quite as much to champion agricultural class interests as to organise common purchase. These societies as a rule confine their operations to their own particular parish, and the aim of their promoters was and still remains to have one in each parish. The following figures will show that we are getting nearer the realisation of that ideal. In 1899 there were only 60 such societies in the country. By 1901 their number had risen to 277, with 14,336 members among them, by 1902 to 347, with 20,200 members, and by 1903 to 362, with 22,000 members. The total number of our parishes is 474. The syndicates' trade has advanced in the same way. Their total sales in 1899 amounted to 128,000 frs., by 1901 the figure had grown to 880,000 frs., by 1902 to 1,468,000 frs., and by 1903 to 2,134,000 frs.

Next in order to the syndicates follow the genuinely co-operative societies of various descriptions formed under the co-operative law of 1901. With regard to them this is the first occasion when statistical data are produced. They are satisfactory, and appear to herald a good advance in the future.

| Year.                  | Total<br>Number of<br>Societies. | Co-opera-<br>tive<br>Dairies. | Distribu-<br>tive<br>Societies. | Credit<br>Societies. | Supply<br>Societies. | Various<br>Kinds of<br>Societies. |
|------------------------|----------------------------------|-------------------------------|---------------------------------|----------------------|----------------------|-----------------------------------|
| 1901                   | 1                                | —                             | 1                               | —                    | —                    | —                                 |
| 1902                   | 49                               | 28                            | 16                              | —                    | —                    | 5                                 |
| 1903                   | 194                              | 75                            | 71                              | 24                   | 7                    | 17                                |
| 1904 ( $\frac{1}{2}$ ) | 288                              | 110                           | 94                              | 51                   | 9                    | 24                                |

The total number of members is not positively known, but is estimated at something like 26,000. The credit societies are all of them based upon unlimited liability. Of the other societies, about half have limited personal liability, and the balance no liability at all. Our law permits these three kinds of organisation. However, we are endeavouring to convert the societies without liability as much as possible into limited liability societies, and it looks as if we were to succeed.

Among these various kinds of societies co-operative dairies appear to merit singling out for special comment.

We have now 110 dairies, which are for the most part managed, as they have been formed, by peasants. Such an advance within two years is under our peculiar circumstances something to be thankful for. For our sparse population, scattered over a wide area, with immense forests separating village from village, as if they formed worlds apart, does not readily lend itself to united action. In addition, nine months

of our year are winter. Nevertheless the movement has thriven. We have dairy societies with as many as 4,000 cows, but stretching out over an expanse the radius of which measures about six miles. Thanks to the grants in aid, repayable by easy instalments, given by the State for purposes of first installation, many of these societies are in an admirable condition. There are some in which large proprietors having 100 cows each stand shoulder to shoulder with small peasants having only three.

Distributive societies have multiplied to such an extent that, apprehending difficulties if the movement were to out-grow its capital, membership, and its members' educational qualifications, we have had perforce to slacken the pace. They are all formed on the master model provided once for all by Rochdale. We have such societies in rural districts with peasants for members, in towns and among working folk. Under our law they are free to sell to the outside public, and they are glad to do so, allowing a dividend on purchases, with the view of obtaining additional members. The majority of these societies contribute out of their profits to the maintenance of local establishments of recognised utility. In some of them, the larger, situated in towns, the annual sales figure at about £20,000. As a rule such societies have their own bakeries. In the country, in the smaller societies, sales average something like £400.

Our credit societies are all of the Raiffeisen type. Two among these are artisans' societies, the rest agricultural. The figures now available are only for six months, and therefore afford no test.

Among societies of other kinds we have a great variety, such as for the common employment of agricultural machinery, for the cutting of peat for the use of members, building associations, working men's productive societies formed by tailors, stone cutters, tobacco workers, &c. Two particular varieties seem to deserve mention for their peculiarity. One is a students' co-operative temperance restaurant, the other an electrical supply society. The restaurant has about 200 student members. The manageress is a student herself, and at our last co-operative congress provided the banquet on behalf of her society. The electrical supply society has its home in a remote secluded village in the forest, employing a rapid in the river as motive force, and supplying both light and power.

The aggregate business of co-operative societies in Finland may be put down at somewhere about £660,000, to which sum the several forms in 1903 contributed as follows:—

|  |                |
|--|----------------|
| Agricultural Supply Societies - - - -  | £156,000       |
| Distributive Societies (94) at the rate of about<br>£2,800 a piece - - - -                   | 263,200        |
| Co-operative Dairies at the ascertained rate of<br>about £1,900 to £2,000 each - - -         | 215,600        |
| Credit Societies, £200 each - - - -  | 10,000         |
| Other Societies having, generally speaking, £28,000<br>Share Capital, assured business - - - | 15,200         |
| Total - - - -  | <hr/> £660,000 |

All this co-operation, small and modest in its units, may be compared to the scattered little brooks that we have threading their way through our forests. Like those brooks they do not run long before they unite to more powerful currents.

The largest of our central institutions is the Central Agricultural Bank, to which the Government has advanced £160,000 at 3 per cent. to provide it with working capital, allowing in addition an annual grant of £800 for ten years towards its management expenses. In spite of all this endowment the bank has no more business to show than a poor £5,680 lent out to nine local credit societies. Nevertheless it is to this bank that we look for the main support to be given to our agriculture in the future.

Next we have the Central Agricultural Supply Societies. The oldest of these is the "Labor," a society originally of large landowners, which, however, also admits societies of small men as members. In 1903 its membership stood at 134 individuals, and 25 local societies. Its business amounted to £41,600. However, a good many people will not allow this society to be *bonâ-fide* co-operative.

The main central agency for the purchase of agricultural requisites is the Commercial Information Department of the Society "Pellervo." Its business amounted in 1901-2 to £19,720, and in 1903 to £37,160. We hope to make this department our great central supply society of the future. The department just spoken of has served as model to two similar information departments recently formed in the province.

Our distributive societies have this year taken steps towards forming a union of their own, which is to serve at once as an advisory body and as a wholesale society. A central committee has already been formed, and a permanent secretary, an instructor, and other officers have been ap-

pointed. Part of the expenses incurred are defrayed by the "Pellervo."

In the last place, the co-operative dairies are preparing to combine to a great union, which is to manage their export trade. As a first step a local union has been formed.

From all this it will be seen that Finnish co-operation, which is still only about five years old, has a very good record to show, and has spread out in a manner of which we have reason to be proud. However, we do not wish to measure its progress by its lateral expansion only. We wish it to grow in depth as well as in breadth, so as ethically to realise the best co-operative ideals. All our efforts are now bent towards that aim. And we hope to succeed in ultimately attaining it.

## XVI. SERVIA.

By MICHEL AVRAMOVITCH, *General Secretary of the Union of Servian Agricultural Co-operative Societies.*

SINCE I last reported to the Alliance on the condition of co-operation in Servia, we have made considerable headway in the prosecution of our work. It may truly be said that within those past two years Servia has reached the point from which forward a certain and continuous progress of the movement seems assured. We have at the present time in this country—

416 agricultural banks of the unadulterated Raiffeisen type,

154 co-operative societies for the purchase and employment in common of perfected agricultural machinery and implements,

40 co-operative distributive societies,

4 co-operative dairies,

2 co-operative wine-presses,

60 co-operative societies for various other purposes,

1 co-operative wholesale society,

1 co-operative union,

and in addition 100 provident and friendly societies.

The total number of members in these various societies may be put at about 40,000.

Co-operative societies, as well as provident and friendly societies, are in Servia exempted from rates and taxes, and also from registration fees. In addition, the State advances money free of interest to co-operative agricultural societies to

the extent, when the limit will be reached, of 5,000,000 francs. At the present time actually only 600,000 francs has been so advanced. The balance is to be made up by the retention of 25 per cent. every year out of the net profits of a Government institution, a State lottery which pays at the rate of 300,000 francs a year.

The first co-operative society in Servia was formed on 29th March 1894. Since that date our movement has found itself in continuous warfare at all points with usurers and egotists of every description, who have steadily opposed it. However, no form of co-operation has provoked so much opposition on the part of shopkeepers as the distributive form. We have only forty distributive stores in the country. Nevertheless, the tradesmen in the villages, vigorously supported by those of the towns, and above all by the Traders' Defence Association of Belgrade, set up a hullabaloo as if their trade had already been absolutely ruined by our competition.

At the very time when I am writing we are engaged in fierce newspaper warfare with a tradesmen's publication, the *Trgovinski Glasnik*, which, although enjoying the reputation of a serious print, makes no bones of declaring publicly that co-operative distributive societies demoralise the peasantry by attracting them to their shop counter, when, forsooth, they ought to be teaching them how to till their land better, sow their seed, reap their crops, thresh their corn, &c.! Our fortnightly co-operative print, the *Zemlyoradnitchka Zadrouga* ("Agricultural Co-operation"), vigorously replies to these attacks, appealing to the peasantry, the artisans, labourers, and intelligent people generally, to unite and form fresh distributive societies. It recalls to their mind what brilliant successes distributive co-operation has achieved in other countries, more particularly in Great Britain, by uniting scattered forces.

However, mere newspaper war does not appear to satisfy our tradesmen. I learn that all the foreign commercial agencies in Servia, except one at Belgrade, which is French, have combined to decline to have any dealings at all with co-operative stores, above all things with the co-operative store of Belgrade, which is doing particularly well. This fresh onslaught has taken us by surprise. However, we are not discouraged, knowing that we may obtain all that we want from the distributive societies in Austria, Italy, Germany, France, and above all things, from the Wholesale Society of England, which already provides us with tea, cocoa, biscuits, &c.

We have up to now had in this country eight national co-operative congresses. This year, when our first co-operative society celebrates the tenth anniversary of its formation, we are to have our ninth at Vrancea. That Congress will be held within two or three days of the Congress of Budapest. Will it not be possible for those who attend the latter to come to Vrancea, and by their presence to cheer and encourage their young comrades? They may make sure of a most hearty welcome.

## XVII. ROUMANIA.

By M. DUCA, *Director of the Creditul Agricol of Roumania.*

THE number of co-operative societies, either productive or distributive, in Roumania is very small, and such as there are have little more that is co-operative about them than the name. They are formed under the "co-operative" section of the Commercial Code, which is almost textually copied from the Italian, which in its turn is little more than a slightly-modified reproduction of the French. There is no other law available. And under such law they are in truth nothing but joint-stock companies with power to vary their capital and membership. Credit societies, on the other hand, have multiplied and, on the whole, thriven well. And they are the only type of co-operative society of which this can be said.

Roumanian credit societies may be divided into two distinct categories, namely, urban and rural. The number of the former class is fairly considerable; however, there are no statistics to show what is their precise number, or their capital, and what are their transactions. Like the productive and distributive societies they are formed under the Commercial Code, and are accordingly in form, at any rate, simply joint-stock companies.

The rural credit societies are alike more numerous and of greater importance. They accordingly deserve special notice. Their formation is as a rule due to the private initiative of the parish clergy and schoolmasters, who desire in the interest of the rural population to reduce the sway of usury, now practised on a large scale, and to make a cheaper and more equitable source of credit accessible. Like the urban credit societies the rural have no other law under which to register but the Commercial Code. However, in some rather

important respects the application of that law has been modified, as is thought, in their favour. For it was found that the rural societies ("People's Banks" as they are called) could not develop to anything like real strength and accomplish serious work while remaining subjected to the troublesome and costly formalities which are prescribed in the Code, and left altogether without material support. Accordingly, the Government, appreciating their social and economic value, brought in a measure designed to remedy these defects. That measure being approved by the Chamber, passed into law on 1st April 1903. It does not really create a new law. But it favours the "People's Banks" in the first place, by rather materially simplifying registration, while at the same time exempting registered credit societies from certain payments, and, in the second, by providing for the formation of a central bank, which is a Government institution, endowed by the State, and enjoined to act at once as supervisor and as provider of funds for the local credit societies. Apart from the exemptions which it creates, the new law really draws the meshes of the old one still tighter, by subjecting societies to rigorous State inspection and control. The Government has power even to dismiss officers of the societies, who are by its inspectors found to practise abuses or commit malversations. The object of this is partly educational, namely, to train members to a proper knowledge of their work and duties; partly precautionary, to secure them against dangers to which credit societies are almost necessarily exposed. However, State interference is wholly limited to inspection, and does not in any way extend to management. The societies are managed by their own committee of management in accordance with their rules. There is no compulsion even to do business with the Central Bank.

Thanks to such legislation there are at the present moment 1121 rural people's banks in existence in Roumania, disposing in the aggregate of between six and seven million francs of capital. This is still only an estimate. For the latest statistics at present known are those of 1st September 1902. They are not complete. The capital of the banks is not created by shares but by accumulating monthly payments varying from one to five francs per month. The banks do not engage in any operations except those of receiving deposits and making loans. They transact these indifferently with members and with outsiders, charging the latter a higher rate, namely, at present generally 12 per cent. per annum in lieu of ten. The minimum limit of a loan is



usually fixed at 25 francs, the maximum at 500 francs. The character of such credit societies accordingly differs not unessentially from that of others. Liability in them is limited to each member's actual share in the funds.

There is a strong disposition, in addition to such operations, to embark in the business of combined purchase of land for the benefit of members. No actual beginning has, however, thus far been possible, because the law as it stands does not permit such business.

## XVIII. BULGARIA.

By M. ASSEN IVANOFF, *Director of the Agricultural Bank of Bulgaria.*

IN Bulgaria the co-operative movement still advances only slowly. It really only exists since 1897, when for the first time co-operation was suggested. From 1897 to 1899 a number of co-operative experiments were instituted, none of which succeeded. All the same the two years were not wasted, for the idea of co-operation spread among our rural population and gained a hold upon them. Towards the end of 1899 a further advance was made. Village banks of the Raiffeisen type were formed. Some months later a distributive society was constituted, and after that the distributive movement began to advance more rapidly, as is shown in the following table:—

| Year. | Societies formed. | Membership at time<br>of Formation. | Membership on<br>31st December 1903. |
|-------|-------------------|-------------------------------------|--------------------------------------|
| 1899  | 4                 | 236                                 | 434                                  |
| 1900  | 2                 | 234                                 | 330                                  |
| 1901  | 2                 | 140                                 | 180                                  |
| 1902  | 17                | 683                                 | 1199                                 |
| 1903  | 17                | 639                                 | 969                                  |

Among the societies now existing twenty-five are credit societies, making it their main object to provide advances for the small peasantry. Of that number, twenty-one, situated in the department of Rustchuk, have this year held their first common conference, when delegates discussed questions of considerable importance for their development. The following data will show how the societies have progressed. In 1902 the total number of their transactions was 2,472, to the total value of 340,900·67 francs. In 1903 the number of transactions rose to 8,233, and their value to 832,379·29

francs. Here was a sensible move forward. The banks discounted or received in 1903 3,340 promissory notes of the total value of 360,572·82 francs, and returned 2,080 notes of the value of 197,971·20 francs, keeping 1,268 notes of the value of 162,601·62 francs in hand.

The money advanced was employed to satisfy the peasantry's most urgent wants, such as the purchase of feeding stuffs, implements, seeds, the payment of taxes, &c. The amount advanced in each instance has varied between 50 and 500 francs.

On 31st December 1903 the societies referred to endowed out of their surplus a charitable fund, to which 1,226·63 francs was assigned, and also a reserve fund of 6,101·65 francs. The charitable fund is to serve for assisting necessitous members, and also for paying the expenses of lecturers, prize competitions, and the like. The reserve fund is to meet unforeseen losses. There have been scarcely any such thus far, only 50 francs having been lost by two societies between them. On 31st December 1903, the share capital of the societies stood at 19,549·25 francs; the deposits held by them at 54,107·13 francs; the gross profits for the year at 17,580·18 francs; the management expenses at 13,629·33 francs, leaving 3,950·85 francs net profits on the year.

Towards such results the assistance given by the local branch of the Bulgarian Agricultural Bank has contributed not a little. That bank has helped feeble societies with credit on easy terms. It has opened to the branches collectively a credit of 208,000 francs, which has been used to the extent of 124,394·28 francs. Of that sum 37,617·75 francs was repaid during the year, leaving 85,785·53 francs outstanding.

The united credit societies have also organised a joint sale of maize grown by members. The total quantity sold was about 25,000 hectolitres, and the results are said to have been very satisfactory.

There are seventeen other societies, mainly distributive, productive, or for the common sale of produce. The distributive societies are to be met with mainly in towns, the productive mainly in villages. Their entire business amounted in 1903 to 1,186,747·02 francs. Their share capital stood on 31st December 1903 at about 80,000 francs. Most of these societies are dependent on the credit either of credit institutions or else of manufacturers. Their collective profits were in 1903, 30,665·79 francs.

At the beginning of the current year a People's Bank and also a Co-operative Insurance Society for public

employees were started. Both are at work, and promise to be successful.

Altogether, the results thus far obtained are decidedly encouraging. The credit societies have done a great deal to stimulate thrift. They have also rendered assistance in the shape of credit on easy terms to a considerable portion of the rural population in their several districts. The consequence has been a decline of usury. And, in addition, these societies have made even sceptical people understand the meaning of social progress. The Bulgarian peasant no more shows himself recalcitrant to the idea of common liability and mutual help, and he is not likely seriously to resist progress.

The spirit of association has always been strong among our population. However, it is to some extent kept in abeyance owing to certain hindrances. One such is the present economic condition of our country, which is not altogether satisfactory. Raised to the status of an independent nation only twenty-seven years ago, we are still economically, to a great extent, dependent upon more advanced surrounding countries. Next, the financial crisis of 1897-1901 has, of course, prejudiced the co-operative movement not a little. In the third place, the new commercial code has kept us back. It exacts security from newly-forming societies such as is really beyond their powers. Fortunately that hindrance has now been removed by an amendment of the law. Lastly, there is a want of capable organisers and managers. That hindrance likewise bids fair to disappear. The Agricultural Bank of Bulgaria has organised courses of instruction for parish priests and schoolmasters, in which these men are to be taught all that is requisite for the organisation and management of co-operative societies. The bank has also instructed all its branches and agencies to encourage the formation of co-operative societies in country districts, to allow such societies favourable terms for credit, and to train up able administrators.

M. C. J. KIRTCHOFF, of the Agricultural Bank of Bulgaria, adds the following information:—

“Our Agricultural Bank is rendering good service, facilitating cheap credit for the agricultural population. It has, in fact, become quite a power in the country. It has now about 200 branches and agencies. Beyond that there are about 100 village banks of the Wollemborg type, either existing or in course of formation, and we hope by New Year

to raise the figures to 150. We have a People's Bank of the Luzzatti type at Sofia, which goes on well. It has as yet only 75 members, £350 share capital, and £200 in deposits. Progress is slow, but it seems sure. The Agricultural Bank is making arrangements for a course of popular lectures on co-operation in general and co-operative credit in particular in the principality."

We also hear as follows from Dr BRANECOFF, president of the co-operative society "Brotherhood" at Tamboli:

"We have in Bulgaria twenty-one co-operative credit societies in villages of the department of Rustchuk. There are co-operative bakeries at Sofia, Philippopolis, Slivno, Tamboli, and Novozagora; distributive societies in Kazenlique, Tamboli, Sofia, and other places; and co-operative dairies in Samocov, Pirdop, Stoudena, and elsewhere. Of the societies named, six are socialist."

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## XIX. SPAIN.

By J. SALAS ANTON, *President of the "Regional Chamber of Co-operative Societies in Catalonia and the Balearic Isles."*

SINCE I reported last at Manchester, co-operation in Spain—that is, mainly in Catalonia and the Balearic Isles—has made some progress. In 1900, when we held our first Congress, our Union consisted of only 44 societies. We then constituted our "Regional Chamber of Co-operative Societies," the organisation of which I explained in my last report. Well, to-day we have a round 100 societies, half of which, that is 50, have their seat in Barcelona itself, in respect of population the premier city of Spain, inasmuch as it has about 700,000 inhabitants to the 600,000 in Madrid. Catalonia, which is really a country by itself, distinct in many things from the rest of Spain, is the most industrial part of the kingdom—so to speak, in respect of manufactures as of co-operation and intellectual development, the Lancashire of Spain. It comprises about the fifteenth part of Spanish territory, but the tenth part of Spanish population. Within it there are, apart from our 100, another 40 co-operative societies which have not yet joined our Union.

Unfortunately the membership in our societies is generally speaking small. The 140 among them number only about 8,000 members, which gives an average of 57 to the society. There are some tolerably big societies, of course, several with

150 members a piece, and one, the *Protectora Civil* of Zarrasa, with 500. Accordingly, in many other societies the membership must be exceedingly small. The entire annual trade of the 140 societies figures at about 10,000,000 pesetas, that is about £400,000.

Most of these societies are of the distributive form. Nevertheless we have some good productive societies. Thus, in Barcelona the brickmakers of the *Redemptora*, with 150 members, the upholsterers of *La Tapicería Artística*, the printers of *Las Artes Gráficas*, and the shoemakers of *La Activa*, and in Roda the cotton spinners of *La Primera del Ter*.

Outside Catalonia there are only about 90 co-operative societies, and the movement does not show any sign of advancing. However, we hope to rouse it into action. We are now preparing for our third Congress. We shall then propose to make the next Congress after, that is the fourth, an all-Spanish Congress.

Co-operative legislation is backward in Spain. Our societies are made to pay licence duty, which has led them to sell to non-members. M. Garcia Alix, Minister of the Interior, has just issued a curious order forbidding them to do so. In that order he even forbids productive societies to sell to non-members. How on earth they are to dispose of their goods he does not say. His order seems fit for Abdera.

Spanish co-operation has sustained a very heavy loss by the death of Don Pedro Vinas Renom, a wealthy biscuit-baker, who had thrown his whole heart into the movement, and helped it a great deal. It was he who presided at our first Congress and ensured its success.

There is not yet very much to report from my country, so it will be seen. However, I hope that there will be more soon. Co-operation has taken firm root in Catalonia, and it is good of its kind, collectivist, and animated by right principles. From such vantage-ground the movement must needs spread, and I have no doubt that it will.

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## XX. PORTUGAL.

By COSTA GOODOLPHIM, *Member of the Royal Academy of Science at Coimbre.*

CO-OPERATION may be said to be in Portugal centuries old. No thought of it had yet crossed any mind elsewhere, no political economist had written a line upon it, when already

the co-operative idea had taken a firm hold of men's thoughts in Lusitania. Small agricultural cultivators and fishing folk, taught by necessity, had learned the wisdom of uniting their individually puny forces for a common effort. These were real productive societies, real class associations, held together by a thought of brotherhood, rendering great assistance to their members.

The fisher folk, so numerous then and still to-day, compelled to battle with the waves while earning their speculative living, often very remunerative, early came to understand the necessity of combination as a means of protecting themselves and their belongings against the risks attending their trade. Union lessened its dangers, lightening losses by dividing them; and it also provided for the sick and disabled, the widows and the orphans. In a similar way the labouring class in agriculture were driven into co-operation.

In modern times co-operation has in Portugal still held a commanding position in men's thoughts, but it has run a chequered course.

We had our democratic co-operative era in 1848, like other nations, and the movement proved as shortlived. It was mainly in the metallurgical trades that co-operation was then tried. However, all that heroic enthusiasm evaporated, and left little, if anything, behind. A fresh start was made in 1867, when Andrade Corvo, one of our most distinguished statesmen, as Minister, passed a co-operative law. The law with model rules was distributed abundantly throughout the country. It caused a number of co-operative societies to be formed. But once more, from want of knowledge and experience, all came rapidly to an end.

The labour movement of 1872 put fresh life into co-operation. The movement was Socialist, and good men, enthusiastic apostles of co-operation, such as Jose Fontana and Sousa Brandao, tried to turn it to account for their cause and do the working classes permanent good. However, it was difficult to rouse the working folk to action in view of their indifference to the proposed action. In course of time, however, they heard of the brilliant success achieved by means of co-operation elsewhere. They now became interested. Soon the public press took up the cause. In 1882 a Congress of working men's societies was held, and the working men went away impressed with the value of co-operation. However, there remained great difficulties in the way, mainly three, viz.:—(1) Want of capital; (2) want of knowledge and aptitude, more specifically for distributive co-operation, for the idea of working in common for production was under-

stood; and (3) excessive eagerness to repay what capital had been borrowed. People wanted to get out of debt quickly. The consequence was that as good as no attention was paid to such things as the quality of goods and just weight, which are, after all, matters of the first order in co-operation.

The Government at length realised the value of co-operation for the common welfare, and saw that, if successfully introduced, it must lighten immensely its own work of social reform, providing better and more wholesome food for the people, increasing their wellbeing, giving them better dwellings, &c. It lent the movement general encouragement, and so the movement gained ground.

We have now in Portugal the following forms of co-operation:—Distribution, generally speaking combined with credit, co-operative production, co-operative housebuilding, co-operative pharmacies and agricultural syndicates.

The distributive societies create a capital by weekly or monthly contributions. Out of their profits they pay 3 to 5 per cent. interest on capital, and 4 to 5 per cent. dividend on purchases. Retiring members are entitled to carry out with them what they have paid towards the capital. Their share is practically a guarantee against them for any credit which they may ask, and for their purchasing at the store. The largest societies of this sort purchase their goods at first hand from the original makers. But they act singly and without union. Were they to combine to one great union, they could not fail to benefit very materially. The idea has been mooted more than once, and there is reason to hope that a union will now be formed, and that after becoming national, in the course of time Portuguese co-operation will claim its place also in international union.

A brief word of mention may be due to two of the largest of these societies. One is the military co-operative society of Lisbon, which was formed in October 1893 by royal decree. It has now more than 2,500 members, and a share capital of 403,200 francs (£16,128). Its annual sales amount to 1,300,000 francs (£52,000) and its profits to 85,100 francs (£3,404). There are similar societies, selling goods and dispensing credit in money in all the principal garrison towns of the realm.

The working-men's economical society, formed in 1876, began with a share capital of 5 francs (4s.). It now owns a building worth 111,000 francs (£4,440), with spacious halls, warehouses, and counting-houses for all its various departments. Its annual sales figure at about 200,000 francs (£8,000). It keeps up a library of its own and has a special

education fund. It provides lectures, arranges industrial exhibitions, and promotes the improvement of social life in every way. It is well managed by working men, and appears to have a great future before it.

None of the other distributive societies come near the position of these two leading organisations. However, in their humble way they are of great benefit to their members.

The same cannot at present be said of such productive societies as we possess. Production presupposes the possession of a working capital, such as our working men absolutely lack, and which they cannot procure by means of credit. Accordingly, it is only in the least skilled trades that they can try their hand at co-operative manufacture. There is another hindrance, and that is the difficulty of securing perfect harmony and good discipline among the intending fellow-workers.

The most considerable society of this sort in existence is the *Industria Social*, formed as the result of a strike in 1872. At that time labour organisation, developing under able chiefs into socialist organisations, was in the ascendant, and exercised some power. Much ground has been lost since, owing to the death of their leaders. The *Industria Social* now has 77 members, of whom 62 are employees. Only from six to ten actually work in the workshop. The total capital now consists of 113,375 milreis (about £25,000), namely, 32,000 milreis in buildings, 7,890 in machinery, 2,241 in implements, 5,100 in furniture and plant, 47,280 in available share capital, 15,864 in three reserve funds, and 3,000 in a sick fund. The goods turned out by the society represented in 1903 a value of 32,939 milreis (about £7,247), and the profits netted were 3,886 milreis (about £855). However, at the present time the *Industria Social* is entitled to rank rather as a joint-stock company than a *bonâ-fide* co-operative society.

The next type to be considered are co-operative bakeries. The largest of them is *A Persistente* of Lisbon, which turns out bread of the finest quality manufactured from the purest flour. It has been in existence barely three years, and its annual sales now amount to more than 500,000 francs (£20,000). These bakeries are a great boon indeed to the working classes, who are, without them, mercilessly exploited by the millers. And as if that were not enough, the millers have tacked on bakeries to their mills and formed a "ring." They are coining money out of their business, serving short weight, and keeping up prices. Many of them have made



great fortunes. Then they retire, and purchase a place in people's estimation by large benefactions given to charities, which represent the marrow sucked out of their customers' bones.

No special mention need be made of credit co-operation, because our distributive societies are credit societies at the same time.

Housebuilding co-operation is at the present time represented by only one struggling society, which has set up six houses for its members. Members pay a monthly contribution of 50 to 100 reis (2s. 2½d. to 4s. 5d.). When their turn comes they draw lots, and he who secures a house afterwards pays 3 milreis (about 13s.) a year to make up the value of the house assigned. The great difficulty that this society has to contend with is the ruling high price of land. Nevertheless working-men's dwellings are badly wanted. Our capital has grown considerably of late, and large new quarters have been set up, but all houses in them are reserved for the wealthy.

A very useful form of co-operation practised in Portugal is that of co-operative pharmacies. Such societies form under a special law, of 6th October 1896, which was passed as an assistance to friendly societies. The latter are numerous in this country and very useful.

However, the form which makes best headway is that of agricultural syndicates formed under the law of 1894. There are a whole host of them scattered all over the agricultural districts of the country. They prove useful to their members chiefly for the purchase of fertilisers, seeds, feeding stuffs, &c., and the sale of agricultural produce.

But they fail to supply one particular want which is still very much felt. That want is rural credit. We have as yet no agricultural banks. It is years since I began telling my countrymen of Raiffeisen banks and their wonderful success, and tried to induce them to form such societies. However, mine proved to be a voice crying in the desert. Now others have taken up the cause. And one may hope that they will be more successful. For circumstances are not unfavourable. Among other things we have the *Caisse économique portugaise* among us, which has developed well. It takes deposits at 3·6 per cent., and holds a portion of its funds available for advances to agriculturists at 4½ per cent. Nevertheless, people will go to usurers who charge them 20 or 30 per cent. or more.

Such, in brief outline, is the present condition of our co-operation. There is not much done. However, there can

be no doubt that our country has advanced considerably in wealth and prosperity. Some of that increase ought to go to the benefit of the working classes. We must look to the future to see such result realised.

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## XXI. THE UNITED STATES.—I.

By N. O. NELSON, *Member of the Central Committee of the International Co-operative Alliance.*

AT a congress held in St. Louis in June of the present year, a deliberate effort was undertaken to organise co-operation in the United States on Rochdale principles. A committee of five was elected to undertake measures for bringing together in state associations the store, creamery, and grain shipping societies, of which there are several thousand. Within a year it is hoped that this can be so far effected, that a strong delegate congress can be held, and a union formed.

The weakness of American co-operation is due to lack of leadership and organization. From this result ever repeated blunders in plans and methods, and consequent failures. The admixtures of politics and political methods have been a fruitful source of disaster. Impatience with the slow plodding that the starting of any business requires, the inclination to build more rapidly by the use of credit, high rate of interest as an inducement to capital, and undertaking to increase shareholders' dividends by barring non-members from any dividend—these have kept out the co-operative missionary spirit, have prevented the growth of societies, and invited their disintegration. The committee now appointed are experienced business co-operators, well informed in the fundamentals of Rochdale rules and history. They are possessed of energy and are known in the movement. Exhaustive steps will be taken to get a full roster of existing societies, and, as far as possible, aid in directing their course. There is no lack of co-operative sentiment in the States, nor can it be said that any national trait stands in the way. Americans unite as freely as any other people. Fraternal societies of every conceivable character, trades unions, and political parties are as popular and coherent as in any other country. It is true that we have higher relative wages and therefore less need of small savings. We have higher expense rates in storekeeping and lower retail

profits, thus yielding smaller co-operative dividends. We have a somewhat more heterogeneous and more migratory population. But these incidental disadvantages are not at all insuperable. On the other hand we are more given to initiative. We can make up the initial capital with ease. We retail in larger bulk, we have less of bargain hunters, and are larger consumers of the profitable goods. We are deficient only in organisation and leadership, and these we now promise ourselves.

From fragmentary reports made at the World's Fair Congress, it appeared that substantial progress had been made in stores on the Pacific Coast, in creameries in the Central and Eastern States, and grain shipping in Kansas and other Western States.

A peculiar modification of the Rochdale system, which the promoters call Equal Ownership, has been making some headway for a number of years in the trade territory of Chicago. It started as a retailers' buying syndicate, but in the hands of an ardent altruist co-operator it has taken the form of equal shareholding (£200) in the Co-operative Merchants' Association, and an earnest and fairly successful propaganda for converting these retail establishments into Rochdale stores. Besides an efficient buying and distributing system and a self-sustaining monthly journal, it has taken over an old and successful wholesale store. Some fifteen or twenty of its constituent shops have been converted into co-operative societies.

The Farmers' Shipping Association of Kansas and Oklahoma, under the management of Mr Hoffman, a well-founded co-operator, who is also a socialist and a wealthy corn miller, has passed through a highly successful year. It has grain elevators at some thirty railroad stations, and maintains a head office in Kansas City. Its net profits for the year averaged 2d. per cwt.

The Co-operative Fruit Shipping Associations of California and Oregon, dealing in oranges, lemons, prunes, and other fruits and vegetables, now handle about two-thirds of the very large product of these States, and have control of the markets. They have in fact become trusts, regulating the prices to the consumer at one end and the price of labour at the other.

In the State of Minnesota, lying next to Canada, and peopled mainly with Norwegians and Swedes, there are about 600 co-operative creameries. The movement has taken a firm hold in the adjacent States of Wisconsin, Illinois, Iowa, and the Dakotas. From the well-established nuclei of these

producers' associations and merchants' associations and the Pacific Coast Wholesale, the organisation committee now at work may well hope to inaugurate a propaganda that shall unify the co-operative movement and result in the inauguration of a successful store movement. While general conditions of trade have but a feeble influence on the public mind in regard to particular remedies, it is nevertheless true that the consolidations of business into enormous trusts, the aggregations of railroads into systems controlling entire sections of country and the main portions of through traffic, the unionising and federating of nearly all skilled labour, is driving thoughtful men to consider what alternatives are offered. These alternatives seem confined to socialism and co-operation, with about an equal division between the two. The progress of each depends on its leadership. What Bernard Shaw said of socialism in England, that the worst objection to socialism was the socialists, might also be said of the United States. To some extent our co-operative movement is open to the same comment. If we can have wise and energetic leaders, we shall find ready response on the part of the people.

At the Congress very great interest was shown in the International Alliance and in the report of rapid progress in foreign countries. The conclusion seemed irresistible, that what was being done in the "effete" old world should be and could be done in the virile new world, a conviction which was voiced in speeches and resolutions and a vigorous working programme.

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## THE UNITED STATES.—II.

By Mr J. M. C. HAMPSON, *Editor of the "National Co-operator," Chicago.*

CO-OPERATION is making great headway at this time in the United States, and at last on a practical basis. Co-operation is the opposite of competition, and competition is beginning to be somewhat disturbed. The object of the Congress recently held at St Louis was to form a Co-operative Union in this country.

Most of the American co-operators until a few years ago failed to realise that co-operation is not a theory, not a political system, not a social millennium, but a hard, matter-of-fact business proposition, that, carefully carried out, brings those results which enable people of comparatively limited resources to better their education, their lives, their sur-

roundings, and their social standing. It is in the last four or five years that co-operation has on practical lines begun to make great strides in this country, and it is quite reasonable to suppose that the prevailing high prices have brought the necessity for it and the satisfactory results which have been accomplished.

From year to year the crowd of middlemen have been on the increase in all lines of business, until the distance between the actual producer and consumer has widened so much that both suffer for want of mutual support and understanding. Co-operation takes away the distance. Co-operation brings the producer and consumer together. Co-operation is a union of producers or a union of consumers, as the case may be. In its legitimate conclusion it is a union of both. It is a union without intimidation. It makes for peace.

A few years ago the fruit producers of California, or, at any rate, in many of the small towns and villages, realised that they were getting little for their crops; they also realised that they were paying far too much for the supplies which they needed to conduct their business and to live—supplies which, for the most part, were brought from manufacturing centres in the East, through the hands of countless middlemen. They formed co-operative societies. They banded together to sell their produce as one man; they bought their supplies by the wholesale for themselves. Last year forty-five societies on the Rochdale co-operative system, and representing societies from Dos Palos, Santa Rosa, Sacramento, Oakland, and so on through all the California centres, did a business amounting to over \$15,000,000. They have formed for themselves a wholesale society in San Francisco, modelled on the plan of the Co-operative Wholesale Societies of England and Scotland.

In the State of Washington there are over twenty-four successful co-operative societies operating on the same lines, and in such centres as Seattle there are co-operative retail stores with branch establishments in different parts of the city.

In Kansas there are thirty-six successful co-operative stores now in full blast.

It is not long since the writer received word from a small place in Utah that certain of the farmers combining together to sell their produce had obtained a good price, and in combination had been buying their supplies last winter at a saving, for example, of one dollar and 25 cents a ton on all coal they consumed. Each man in this society had paid

five dollars for his share, and they had bought everything and sold everything in quantity. They worked together for the individual good.

In Iowa there are hundreds of co-operative creameries, and attention has been already drawn all over the country to the wonderful achievement of the Rockwell Co-operative Society formed of farmers, with a membership of a few hundred, at ten dollars apiece, which did a business last year of \$300,000, or, as they figure it, both ways, buying and selling, a business of \$600,000, and at a cost of less than 1 per cent. This society has, in fact, done \$5,000,000 worth of business in the last four or five years, but it is only in the last year that it has operated a great distributive store. Some of the Iowa papers have headed the Rockwell society's achievements, "Co-operation threatens to wipe out a town." Co-operation is certainly the survival of the fittest, and if the small village of Rockwell is composed of parasites on the consumers and producers the sooner it is wiped out the better.

There is no generalisation about co-operation in the United States, as a glance over the following soon demonstrates:—

A Western federation of miners has run four quasi-co-operative stores at Cripple Creek, Colorado; the millmen of Monessen, Pennsylvania, have started a co-operative store; the Co-operative Creamery Association of Utica, Michigan, did a business of 120,000 pounds of butter last year, bringing an average of 23 cents a pound; the labour unions of Denver have organised a co-operative store; the people of Elwood, Indiana, have subscribed shares for a co-operative coal company, and have already saved 10 per cent. on their coal; Deposit, New York, has a co-operative store on the same lines as those of Delphi and Port Jervis; the last named has accumulated and paid in profits \$800,000 in the last twenty-five years; Montana has a co-operative ranch with 600 shareholders scattered all over the United States, and nearly 150 of whom are women; employees of the Chicago and Alton Railway have a co-operative society in Bloomington, Illinois; the labour unions of South Omaha, Nebraska, have established a co-operative store; the Farmers' Supply Company is a new co-operative society at Anita, Iowa; Milwaukee has now a large co-operative department store, and a great co-operative enterprise is spoken of for the establishment of branch co-operative stores in various parts of the country; the employees of the shipyards at Newport News, Virginia, have started a co-operative store; the miners of Ohio have, by unanimous vote, decided to open several co-operative

stores; Lansing, Michigan, has a co-operative association with a capital stock of \$25,000.

Out of the wreck of the many theoretically sound farmers' granges, started some years back, several still survive and are doing well, and new ones are being started on a business basis right along. The Central Pomona Exchange at Syracuse, New York, and others at Herkimer, Little Falls, and other places are doing well. The Herkimer society was organised twelve years ago with a capital of \$4,000. The stock of goods has been increased each year, and a dividend never lower than 6 per cent. has been declared right along, while at the annual meeting last January a dividend of 25 per cent. was declared. The sales for the year amounted to \$60,000. The Grangers' Mercantile Association of Little Falls recently declared a dividend of 25 per cent. The railway men at Parsons, Kansas, have started a co-operative store; and the farmers of Albert Lea, Minnesota, now have a co-operative store; the farmers of Manitowoc, Wisconsin, have lately established a co-operative store; the unions of the Black Hills district of Southern Dakota have started a co-operative store at Lead, South Dakota; Lake Linden (Michigan) Society, of Lake Linden, Michigan, has just declared its fourth annual dividend at  $7\frac{1}{4}$  per cent. on purchases, and 7 per cent. on shares, to be divided among 418 members; and so on all over the country.

This brings us to the matter of dividends. Most of the stores now being established are on the Rochdale system. Membership is obtained by purchase of shares at five dollars or ten dollars apiece, which is used as a fund to buy supplies in quantity, and the profits made out of the saving effected by buying in quantity are divided among the members according to the amount they buy. Many of the societies and organisations are, however, organised on what is known as the Civil Service plan, so named after the great Civil Service Co-operative Association and the Army and Navy Stores of London. Their object is to sell at cost price as near as possible, and a membership is not always the same as a partnership in the business, which is looked upon more or less as an investment, and which investment receives the profits over and above the cost of running the establishment and the low price charged members for their supplies. Membership is usually set at five dollars, and entitles the holder to buy at low cost, but does not bring any other share in the profits than the reduction given in price. Co-operative societies sell to outsiders, but of course it is in the interest of outsiders to become members so as to get the full extent of the rebate.

The figures relating to co-operation in the United States have been so quietly and quickly built up in the last three or four years that they are amazing. In ten years the tremendous achievements of the British Isles will be surpassed. There are something like 50,000 societies in America at this time of various kinds. There are 5,000 "co-operative" building and loan associations alone, but these societies are scarcely of the true co-operative kind. There are 400 fraternal co-operative societies; 2,000 mutual fire co-operative societies; 5,000 co-operative creameries and cheese factories; and about 3,000 co-operative telephone companies, the most striking of which is in Michigan, where in one county for three dollars a year the farmers are able to have telephone conversation with all points in their county, and through their own central telephone exchange to all parts of the United States.

There are also many hundreds of co-operative elevator associations, particularly in Minnesota. Probably twenty-five to thirty per cent. of the adult population of the United States belongs to some kind of a co-operative association, though they are not all run on the same lines and they are not all so named.

Mr Hampson adds a letter obtained with special reference to the Budapest Congress from one of the Government officials at Washington, the head of one of the departments who has made co-operation a study for many years past, and adds, by way of explanation:—You will see that when he speaks of co-operation he means every form of co-operative effort, not the store-keeping effort alone or the distributive form of co-operation which is so familiar in England, and which has made so many Englishmen think—as they always do when they have anything—that theirs is the only *Simon Pure*. The insular position taken in regard to co-operation is entirely dissipated by this Government official's remarks, which is something I have been trying to get understood; also, because while co-operation in the British Isles is chiefly known as store-keeping, in this country for the most part it has been better known by the co-operative efforts made by producers.

"The magnitude of the farmer's co-operative movement in this country is such that it is absolutely impossible for anybody, even with all the resources of a United States Governmental Department, to obtain complete statistics. The best that one can do is to approximate. Tentatively, you may say to the Budapest Congress that the membership of the farmers' co-operative associations in this country



amounts to not less than five millions, and may reach six millions. These numbers, however, contain duplicates, triplicates, and quadruplicates, because some farmers may and often do belong to a co-operative creamery association, a co-operative telephone association, a co-operative fair association, a co-operative elevator association, co-operative insurance associations of four sorts, and others. I have had correspondence with farmers in almost every county in the United States, and in consequence, it is my rough opinion that, after eliminating duplicates, etc., about three million farmers (including with them a comparatively small number of farm labourers) are members of co-operative associations. Only a few of these farmers live in the South Atlantic and South Central States; so that the farmers' co-operative belt runs across the country from the North Atlantic States to the Pacific.

"Co-operation among farmers has advanced along certain lines to such an extent that there is almost complete socialisation of special businesses within whole county areas, and in fact within State areas, as in the telephone service and in the insurance of buildings and contents against loss by fire and of live stock against unnatural death, and of crops against damage by hail and wind.

"I would venture to increase your estimate of the number of farmers who are members of co-operative insurance companies to about two millions for the year 1900, and the number has appreciably increased since that time. The number of co-operative creameries has never been accurately established, but the census of 1900 roughly fixes the number at 3,393 as a maximum number. In the census classification of cheese, butter, and condensed milk factories, the two classes of 'incorporated companies and miscellaneous' include all the co-operative concerns and a small element of non-co-operative ones. See page 447, vol. ix., Census of 1900.

"Although you do not mention them, I assume that you are not overlooking the existence of many thousands of co-operative irrigation associations and of a very large number of local organisations of the Patrons of Husbandry and of the Patrons of Industry, which are engaged in co-operative buying without maintaining a store.

"It is a curious fact, that although the farmer is one of the most distrustful of animals, so much so that co-operative creamery associations sometimes burn their business records at the end of the year in order that there may be no material for a quarrel, nevertheless he sustains probably 99 per cent. or more of the co-operation of this country.

"Your comments upon the slow development of co-operative distribution in this country recall some reflections of the past when making an analysis of the subject. It then seemed to me, as it does now, that the development of this form of co-operation must depend upon economic superiorities over the prevailing distribution through individuals and firms. The English associations found an element of economic superiority the moment they established themselves on the outside of the excessively shop-ridden distribution that prevailed and still prevails in that country, and they added an important element of superiority when their business reached large proportions. In this country, although we are of course shop-ridden, the co-operative store needs a specially favourable environment which does not seem to be in general existence, and when found often does not seem to be left undisturbed by outside and unfavourable influences. We are not as badly circumstanced as the English were and are.

Upon hastily re-examining the number of associations, I should say that the telephone companies chiefly raise it to probably 70,000 or 75,000."

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## XXII. INDIA.

### (A.) GENERAL CO-OPERATION.

By AMBIKA CHARAN UKIL, *Professor of Philosophy at the Central Hindu College at Benares, and General Secretary of the Co-operative Union of India.*

SINCE my last report in 1902 co-operative ideas have made steady progress throughout India, being assisted by the earnest endeavours of Government to pass for the first time a co-operative law to promote the growth and development of co-operative credit societies, with the view of particularly benefiting the overburdened and worried agricultural classes, mainly due to heavy usury. Our Union has made efforts to collect materials for a statistical account of the progress of co-operation in India. The result is, however, disappointing. In answer to a considerable number of question-sheets sent out to co-operative societies of whom we had heard, we have received only an insignificant number of replies; and those replies give no information except that in the opinion of the writers, the proportions of their business are still too small to merit mention. However, the Union has carried on a

vigorous propaganda, and has succeeded in establishing two new sections in Madras and Benares, with the help of which the subject will be kept standing before the public eye.

Several lectures were delivered by myself at Madras, which resulted in the formation of two stores there, one at Triplicane under the name of the Triplicane Co-operative Stores, and the other at Mylapore, which are a sort of indigenous co-operative credit societies. In the Madras Presidency we hope to utilise the well-known "Nidhis" for the progress of the co-operative movement, and also to make them part of our Co-operative Union. One "Nidhi" which I visited, the Mylapore Hindu Permanent Fund Limited, was formed in 1872. It now has a membership of over three thousand, with a capital of over 15 lacs of rupees, *i.e.* a million and a half. There are some twenty of these societies in prosperous condition in different districts, working with a membership ranging from one to four thousand each, and a capital each of from one to fifteen lacs. The shares are of the value of Rs. 80 each, payable in monthly instalments of one rupee during seven years and a half, after which the share is made withdrawable with accumulated interest at  $6\frac{1}{4}$  per cent. per annum for the whole period.

The co-operative societies established in Mysore\* under State supervision are not showing any signs of very vigorous growth, as far as we have been able to ascertain. Those established hitherto only experimentally in other parts of India by the initiative of the Indian Government also tell the same tale, with only a few exceptions here and there. In the Punjab some societies formed for supplying cheap credit, seeds, implements, and other agricultural requisites seem to be making headway. Some very thriving co-operative distributive societies may be seen at important railway centres, the most considerable being at Sodepur in Bengal, and at Royapuram in Madras. Both admit Indians and Europeans on equal terms. The whole atmosphere appears at present charged with co-operative ideas, although not altogether of the true type, but smacking strongly of joint-stock principles applied on protectionist lines to benefit Indian trade and industry exclusively. Important developments may be expected in the near future. In many places school and college students are organising stores of indigenous manufactures on co-operative lines, more on

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\* They are an imitation of European "agricultural banks," for which the native State supplies the money, and have been launched on wrong lines altogether.—H. W. W.

patriotic grounds than on economic. All these augur well if our Union can carry on its propaganda efficiently and perseveringly.

The Union has partially succeeded in another kind of co-operative work which it considers of hardly less importance. By the exertions of its executive committee a number of private firms have been induced to adopt co-operative profit-sharing principles, the most notable of them being the Acme Printing and Process Works, the Indian Co-operative Confectionery, Condiment, and Preserve Works, and the Bengal Soap Factory, all of which happen to have their business in Calcutta, and are also members of the Union. The formation of some building societies is also being earnestly discussed.

There has been a considerable growth in the individual membership of the Union, and we have found it best to enlist the sympathies of individuals before organising stores. We regard this as an important preliminary and effective training for our ulterior work. But we look forward most sanguinely to the foreign connections of our Union as likely to supply the greatest impetus to the spread of the movement here, by persuading the big wholesale societies abroad to enter into direct commercial relations with Indian societies through their Union, which alone can give them strength and stamina requisite for a national movement.

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## (B.) CO-OPERATIVE CREDIT.

By Mr H. E. L. P. DUPERNEX, I.C.S.

THERE are several systems of credit in operation in the Indian Empire. There are a number of banks similar to European limited liability company joint stock banks. Next, there are the Government post office savings banks. There are, moreover, countless native bankers, money-lenders, and usurers, whose methods are very much the same as those which prevailed in Europe at the close of the eighteenth century. Loans for land improvements to a considerable extent are made by the Government to agriculturists under certain fixed conditions. The latest comer in the field is the co-operative credit society.

The most striking difference between native banking methods and European banking methods is that the former make no effort to attract deposits. They trade either with

their own capital or with capital borrowed from other firms. Their dealings do not teach their clients the value of thrift.

A few figures will give a general idea of the banking situation in India at the present time. The capital of banks established on the European system rose during the decade ending in 1902 from 9 to 14½ millions sterling. Their deposits increased in the same period from 17½ to 23½ millions sterling. Their resources are considered hardly adequate for trade requirements in the busy season. The financing of the agricultural interests is in the hands of native banking firms. It is difficult to estimate the amount of their working capital, but some idea of the extent of their operations may be formed from the fact that the aggregate value of immovable property transferred by registered documents averages about £44,000,000 sterling annually. The post office savings banks at the end of 1902 held on deposit £7,121,415. During the preceding decade the number of depositors had increased from 463,543 to 866,693. Hardly 2 per cent. of the depositors belonged to the agricultural classes, although the percentage of urban population to the total population is only 9.5 per cent. The great mass of the population is composed of small landowners, cultivators, and field labourers. They have ample facilities for borrowing, but practically no opportunity for learning the lessons of thrift in connection with a banking account. Interest is everywhere high and often excessive. Usury is very prevalent.

Here was an opportunity for the friends of co-operative banking. There was and is a general consensus of opinion in favour of the establishment of agricultural banks of some sort or other, but a great diversity of opinion as to the lines on which such banks should be conducted. Critics objected that the Asiatic mind is incapable of understanding the principles of co-operative banking or of applying them. The only way in which this could be disproved was by actual experiment. A number of experimental banks were accordingly set on foot in different parts of the country. The difficulties encountered at the outset were no doubt considerable. The first few simple rules had to be translated into no less than six different languages. However, once the initial difficulties had been overcome, it soon became apparent that under certain conditions the system could very well be transplanted into an Asiatic country.

At the outset it became evident that no society could be formed on a solvent and sound basis without a special law to give the society the necessary legal status. After considerable

discussion a law has now been passed. A brief review of the principal provisions of the law may perhaps prove interesting.

In its *exposé de motifs* the Government resolution regarding the Bill states that the two cardinal objects which the Government of India kept in view in framing the Act were *first*, simplicity; *second*, elasticity. The Bill provides for the appointment of a special officer in each province of the Empire, called the registrar, whose duty it will be to register all societies formed under the Act, and to assist them with advice where necessary. It provides a compulsory audit of accounts of every registered society by the registrar. It includes a few clauses regarding membership, management, and shares. It also bestows certain privileges on registered societies. Finally, it confers the widest possible power of making rules on the different local governments, and, so as to leave the field perfectly open in future to any promising experiment, it leaves it to the discretion of the local government by special order to register any society subject to such conditions as it may impose, notwithstanding any of the provisions contained in the Act. The way is thus left clear in future for every manner of co-operative experiment.

In regard to the question of financial assistance, it is proposed to lend small sums to registered societies at the outset, but every precaution will be taken to prevent the stifling of the spirit of self-help in nascent societies. The principle adopted is, "that no advance should be made to any society so as to cause the total amount advanced to, and due by it, to exceed the total amount of money subscribed and deposited, or of share capital paid up by the members, or to exceed Rs. 2,000 (£133. 6s. 8d.). The Government of India recognise that there is a danger of obscuring the co-operative principle by lending the societies State funds, and that no societies wholly or mainly financed by Government can ever attain the objects in view." But such advances will, it is hoped, "under the conditions to which it is intended to subject them, stimulate the thrift and self-help which should be a condition precedent to this grant."

Although it is probable that advances will be required by village societies till other means are found for financing them, or till they become self-supporting, it is gratifying to be able to state that the first society started on a share basis after the passing of the Act required no assistance at all. This society was started at Simla, and will, it is hoped, pave the way for the establishment of similar societies at large centres. Its members are drawn chiefly from the junior ranks of Government servants. It opened with a membership of 129,

and an allotment had been made of 369 shares, representing money to the value of Rs. 9,225. The shares are of Rs. 25\* each, the subscribers being required to pay up the full value of the shares held by them within two years of joining on periodical calls, the first of which was made on 1st March 1904.

As yet the co-operative movement in India is in its infancy. We have many well-wishers, but there is considerable scepticism as to the possibility of any real progress being made in an Asiatic sub-tropical country like India, where the conditions of life differ so widely from those of countries where co-operation has best succeeded. The next few years should show how far these criticisms are justified. But as compared with the situation four years ago, the present situation is distinctly one of promise. The movement has been lifted out of the region of academic discussion. It has made a start. Experimental societies have been formed in nearly every province of the Empire. They differ widely in their constitution. In some cases public-spirited native gentlemen have established experimental societies on their estates, and have financed them. In other cases Government officials have started isolated societies, and given them the benefit of their personal assistance. In other cases organisation societies have been formed, and the members of the organisation societies have undertaken the supervision of the village societies formed in relation to the parent society. In other cases philanthropic individuals have established grain-storing societies. Of course in a vast country like India the efforts that have been made as yet, compared with the work that has to be done before substantial progress can be achieved, are like a drop of water in a mighty ocean. But at any rate we have now made a beginning.

An interesting question that will probably come to the fore if village societies are formed on any considerable scale is the co-ordination of rural and urban banking. In the Act a clause has been inserted providing for the possibility of a society being in the position to finance a rural society and desiring to do so. The Act prohibits loans by a society to any person other than a member, but provides that with the consent of the registrar a society may make loans to a rural society. This opens the door to the financing of rural societies situated in its neighbourhood by a share bank working in a central town, and necessarily equipped with a considerable capital as compared with its humbler village

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\* The present value of the rupee may be taken at 1s. 4d.

cousins. At the genesis of the movement it is impossible to forecast the system that will prove most suitable; but we shall naturally endeavour to work on the most approved pattern.

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### XXIII. SOUTH AFRICA.

THERE are a cluster of co-operative distributive societies in South Africa, growing in strength and in number. We have received information from the following:—

The society longest in existence is the Salt River Co-operative Society, which was formed in 1894 with 75 members; present number, 515. Share capital, £2,652. 0s. 1d. Reserve fund, £472. 8s. 3d. Board of Management, 11, elected annually by ballot at the general meeting. Sales in the first year, £4,719. 7s. 9d.; in 1903, £18,804. 10s. 7½d. Profits in the first year, approximately £600; in 1903, £1,405. 10s. 8d. System of trading, cash as far as possible; credit to a limited extent. Dividend on the first year's trading, 15 per cent.; in 1903, 8½ per cent.; throughout the term, 12½ per cent. Federated to the Co-operative Wholesale Society. Has voted £7. 10s. per annum for education. Pays bonus to employees occasionally, in exceptional circumstances. The society finds that a great drawback to colonial societies is a lack of working capital, and suggests that further facilities should be given by the Co-operative Wholesale Society to enable them to import goods from home to the best advantage as against local purchasing.

The next oldest society is the Simon's Town Co-operative Society, which was formed in August 1899, and began business in November 1899. It started with 87 members; present number (31st March 1904), 263. Share capital, £1,586. Reserve fund, £271. Board of Management, 11, elected by ballot. Sales in the first year, £4,400; in 1903, £10,909; altogether up to 31st March 1904, £34,075. Profits in the first year, £670; in 1903, £1,512; during the whole term up to 31st March 1904, £5,568. System of trading, credit. Dividend declared in the first year, 10 per cent.; in 1903, 11½ per cent.; for the whole period, 11 per cent. Federated to the Co-operative Wholesale Society. It circulates the *Wheatsheaf* gratis and the *Co-operative News* under cost price as an aid to education. It pays bonuses to employees.

The society owns property to the value of £1,300, purchased in 1900 for the future extension of business, which is



at present carried on in premises leased until 1908 at £13 per month. Co-operative Wholesale Society goods have failed to give the satisfaction that the Committee had wished for, owing to defects in packing; but the society look forward to the Co-operative Wholesale Society to remedy this in the near future by opening up an agency in this country.

The society's membership is probably the most cosmopolitan of any co-operative society existing, consisting of English, Dutch, Greeks, Malays, and Kroomen, but, fortunately, it is in possession of a first-rate manager, who gives satisfaction to them all. A loss of £132 was incurred through a burglary at the store; this was met out of the reserve fund.

To sum up, the society is making steady progress notwithstanding the keen competition and general depression of trade following the Boer War.

The Durban Mutual Co-operative Society was formed in September 1899 with 120 members; present number, 251. Share capital, £1,000. Reserve fund, £72. 5s. 8d. Board of Management, 10 (including President), elected annually at the general meeting. Sales in the first year, £7,748. 18s. 7d.; in 1903, £12,806. 17s. 4d.; in all since formation, £41,664. 15s. 9d. Profits in the first year, £350. 19s. 3d.; in 1903, £876. 6s.; during the entire period, £2,596. 0s. 8d. System of trading, mostly for credit, but partly cash. Dividend declared in first year,  $3\frac{1}{2}$  per cent.; in 1903,  $6\frac{1}{2}$  per cent.; during the whole term,  $5\frac{1}{2}$  per cent. Not federated to the Co-operative Wholesale Society, has voted nothing for education, and pays no bonuses to employees. The society lost £150 in its very first year. It opened a butchery branch in September 1901, and lost thereon up to December following £60, and £100 in all up to February 1902, when it closed the butchery. In 1902 it paid £130 compensation for an accident caused by its delivery van. The society's customers are much scattered in all directions over the suburbs. The cost of working the business is exceptionally high, because orders have to be sent for and goods delivered in almost every case. The society has had difficulties to contend with also on this ground, that an earlier society failed in Durban, which to some extent prejudiced opinion against co-operation.

The Kimberley Co-operative Society was formed on 4th August 1902, and began business in December 1902. It began with 221 members; present number, 390. Share capital, £3,393. Reserve fund, £57. Board of Management, 11 members, elected by ballot. Sales in the first fifteen months, £22,400, leaving £4,257 gross profits. Dividend

paid at rate of  $7\frac{1}{2}$  per cent. Trading, cash and fortnightly credit. Federated to the Co-operative Wholesale Society, has voted nothing for education, and pays no bonuses to employees.

The Transvaal Civil Service Co-operative Association of Johannesburg, was registered on 23rd October 1903 with 1,461 members. It has now 1,759 with £20,842 share capital. It is the first co-operative association established in the new colony. The Johannesburg grocery store was opened on 28th January 1904, the Pretoria grocery store on 28th February 1904, the Johannesburg outfitting store on 2nd May 1904. Nine directors elected by ballot. Sales thus far, £3,700. Trading, cash. Federated to the Co-operative Wholesale Society.

The Uitenhage Co-operative Society was formed in September 1896. It has now 170 members, £381. 6s. share capital, £133. 13s. 9d. reserve fund. The Board of Management consists of a President, elected annually, and 10 Directors, 5 of whom retire each half year. Its sales during the six months ending 30th November 1903 amounted to £3,904. 7s. 3d., upon which there were £200. 17s. 8d. net profits. The total of dividends paid in 1903 was £256. 17s. 8d. The society neither pays bonus to employees, nor does it allow any amount regularly for purposes of education, nor is it federated to the Co-operative Wholesale Society. It favours cash payments, but allows credit.

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## XXIV. JAPAN.

*From information kindly supplied by the Imperial Embassy  
and Mr J. H. LONGFORD.*

Co-OPERATION is of very old standing in Japan, and is very much appreciated and freely practised. The most ancient form known is that for the co-operative sale of silk. Some of the societies of this type, still in existence, and doing a good business, can trace their formation back full 230 years.

Another likewise very peculiar form dates from the third decade of the past century. It is the creation of a distinguished economist and philanthropist, very much held in honour, and to whom the country owes many valuable services—recalling those of the patriarch Joseph in Egypt—who in his lifetime went by the name Ninomiya Kinjiro, but has since his death been re-christened Ninomiya Sontaku. There is a striking resemblance in some features of these societies

with those which in Europe have become identified with the name of Raiffeisen. Thus they place social and moral good above economics. They make it their aim to help the very poor, placing merit and honesty, also good employment of the loan to be granted, above security. They forbid salaried services, laying it down that social work should not be remunerated. They also grant loans for long periods—five, seven, and ten years. In their origin they have a family likeness also with Schulze-Delitzsch's credit societies, which for a time passed accurately enough by the name of *Zwangsparkassen* (compulsory savings banks), inasmuch as they compel their members to lay by out of their income whatever they can. That is the root-idea of the whole system: save, and you will be able to improve yourself, your district, your country, encourage desert by rewards, help the distressed and add to the wealth of the community. Good conduct is made a *sine qua non* on joining. Any one who is irreligious, *i.e.*, "despises the gods or Providence, or who shows want of respect to the Government; anyone who is bankrupt because of his idleness or extravagance; and anyone who, pretending to work for the good of others is actuated by self-interest," is mercilessly excluded. While in the society he is expected to lead a life of frugality, order, high moral tone and peace, laying by all that he can spare out of his income. This money goes into a special fund of the society (*Hotokusha*), called "general deposits," where it earns its owner no interest; but on leaving the society, which he is free to do at any time, he may withdraw it all. In addition members are allowed, and indeed invited, to make "special deposits," on which they are paid 5 per cent. interest. Surpluses netted, grants made by the Government or by other donors, and similar moneys go to make up the *Dodaikin* or property of the society, part of which may be invested in land. Indeed it is one of the objects of the society, impressed upon it as a moral duty, to reclaim waste land. Other leading objects, perhaps most in evidence, are, to help the needy, whether individuals or districts, to reward the deserving, to improve commercial morality, and advance social customs; and to raise the character of members and of those who come into touch with them. In addition, the society grants loans to those who can make out a case, as a rule and by preference, on personal security, that is, on the borrower's own bond and two securities. On such loans nominally no interest is paid, but in truth rather heavy interest is exacted after repayment of the loan in the shape of a "thank-offering."

The societies are thoroughly well organised. They have their presidents, vice-presidents, boards of management, each with its own chairman and secretary, moreover, inspectors and "teachers." Also they are organised in local societies and unions with central societies at the apex of the organisation. Very much value is attached to periodical inspection, which is strict, and also to "teaching," which is to serve the purposes of education in co-operative principles, and also of propaganda. A return compiled in 1890, which is believed to fall short of the truth, gives the number of such societies then existing as 618, with 18,980 members, that is:—4 Central Associations with 4,902 members, 6 "principal" associations with 2,667 members, and 608 branch associations with 11,411 members. The *Dodaikin* of all is given as 110,692 yen, which is about £11,069; the "fund for public utility" as 32,767 yen (£3,277); the "contributions" fund as 84,205 yen (£8,420); the "thank-offerings" fund as 14,082 yen (£1,408); and the *Hotoku kin* as 15,195 yen (£1,519), that is £25,693 in all. (Really more, because the yen is a little more than 2s.) In addition the *Hotokusha* held 246 *koku* (about 1,230 bushels) of rice in stock, and 156 *koku* (780 bushels) of other grain, and owned 8 *cho* 7 *tan* (21 acres 64 poles) of land.

Most co-operative societies now in existence in Japan were formed under the new co-operative law of 1900. But there are many older organisations. In 1898 there were known to be 346 societies with 64,388 members, and possessing property to the value of 968,141 yen (£96,814). Of these the societies for the collective sale of silk were the most important. Some of them sold silk to the value of 3,000,000 yen (£300,000) a year.

Generally speaking, co-operative societies in Japan may be divided into four classes, viz. :—(1) Credit societies, which also take deposits; (2) sale societies, which dispose of members' produce; (3) distributive societies; and (4) productive societies, which either produce from material raised by members, or else provide such members with the implements necessary for production. In every class these societies appear to be increasing, as the table here added will show. As among the three forms of liability permitted—that is, unlimited, limited, and mere guarantee—unlimited liability is shown to be on the increase. As between 1902 and 1903 the number of societies practising it has increased from 291 to 424, whereas the number of limited liability societies has gone down from 177 to 139.

## INDUSTRIAL CO-OPERATIVE SOCIETIES IN JAPAN, 1902-1903.

| Form.                          |   | 1902.      | 1903.      |            |             |            |
|--------------------------------|---|------------|------------|------------|-------------|------------|
|                                |   |            | Limited.   | Unlimited. | Guaranteed. | Total.     |
| Credit -                       | - | 311        | 14         | 329        | 14          | 357        |
| Sale -                         | - | 38         | 32         | 6          | 4           | 42         |
| Distributive -                 | - | 71         | 44         | 55         | 2           | 101        |
| Productive -                   | - | 10         | 9          | 7          | —           | 16         |
| Combining two<br>or more forms |   | 51         | 40         | 27         | —           | 67         |
|                                |   | <u>481</u> | <u>139</u> | <u>424</u> | <u>20</u>   | <u>583</u> |

## XXV. JAVA.

By Mr G. J. D. C. GOEDHART, *Delegate of the Dutch Co-operative Union.*

THE exactions which usurers, partly Arabian, partly Chinese, and partly Armenian, extort from the small cultivators of Java, dependent upon credit, have led a superior Dutch civil servant, Assistant-Resident M. de Wolff von Westeroode, to organise credit more or less on the lines of the Raiffeisen associations. The Government favours M. de Wolff's efforts, and has instructed its officers everywhere to afford him facilities. It is understood that once this form of co-operation has shown itself successful, a Government grant will be given to purposes of propaganda.

## **THIRD PART.**

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### **Women's Co-operative Guilds.**



# I. THE ENGLISH WOMEN'S CO-OPERATIVE GUILD.

## A DEMOCRACY OF 18,600 WORKING WOMEN.

By Miss LLEWELYN DAVIES, *General Secretary of the Guild.*

Co-OPERATIVE stores depend largely for their success on the loyal support of an intelligent body of purchasers. It is therefore obvious that women, who are the chief purchasers, have a special part to play in the co-operative movement.

In England, the membership of co-operative societies is usually open to all adults. Women have, to a great extent, taken advantage of this circumstance, hundreds of thousands holding shares in their own names, and thus becoming eligible for the various positions and offices in the movement. So that it is most important that women, both as purchasers and members, should be trained in industrial and social questions, and made fit to take their share in controlling and developing the movement on progressive lines.

Co-operative working women have been organised in England into the Women's Co-operative Guild, with a membership of at present 18,600. The principle underlying the whole organisation is self-government, a characteristic greatly valued by Guild members on account of the training and sense of comradeship which it gives. The Guild consists of 365 branches, connected with industrial co-operative societies. Branches are grouped into 30 districts, and also into 5 larger groups called sections.

Each division is governed by a committee elected from its special constituency, while the whole Guild is ruled by its annual congress through a central committee of seven, elected by all the branches. Branches, districts, sections, and the whole Guild, do their work by means of weekly meetings, quarterly and half-yearly conferences, and annual congresses respectively, the means being supplied in each case by the special fund of each body.\*

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\* The funds of the Guild are raised as follows:—(a) *Branch Funds.*—These are obtained by the subscriptions paid by the members, varying from 6d. to 2s. a year, most commonly 1s. a year; 141 branches receive in addition annual grants from their societies or educational committees, varying from £1 to £40 a year. (b) *District Funds.*—These are raised by a subscription from the branches in the district,



Loyalty to the store is accepted as the A B C of Guild teaching and practice. On this foundation the Guild endeavours to do its share in building up the co-operative commonwealth, where justice, truth, and fellowship will find expression in industrial life.

The purchaser or consumer can aid through the store, in controlling the conditions under which labour is carried on. Guild members understand that they must encourage the best conditions of employment by refusing to buy "sweated" goods, and by giving their custom to co-operative works where trade union regulations are observed, short hours worked, and healthy accommodation provided. To stimulate such loyalty small exhibitions have been held at Guild meetings, lists of co-operative goods issued to branches, and innumerable expeditions have been made over co-operative factories.

Naturally, the side of industrial conditions which comes most nearly home to Guild members, is that which concerns co-operative store employées, especially with regard to the hours worked. Many co-operative stores, especially in the Northern Section, have the forty-eight hours week, and the half-holiday is a real one, beginning often at twelve noon. In 1895 the Guild carried out an investigation into the hours, wages, and conditions of women store employées. The information which was given showed that, though there was room for improvement, the very long hours, the insufficient time allowed for meals, the practice of discharging without notice, and the custom of fines, were practically unknown in the co-operative movement.

In 1901 a hundred of the largest branches were asked if their members found any inconvenience in the early closing of co-operative stores, and the unanimous reply was that they found none at all. Guild women not only willingly accept the restricted shopping hours, but are amongst the first to propose and support reductions at the quarterly meetings of societies.

Just as the Guild tries to secure *justice* in the conditions of employment throughout the co-operative movement, so it upholds *truth* in store dealing. The sale of pure unadulterated

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usually of 2d. per member annually. Where more funds are needed grants are given from the central fund. (c) *Sectional Work*.—Special grants are made from the central fund to the sectional secretaries. (d) *Central Fund*.—This is raised by a subscription of 2d. per member from all the branches, with the addition of a grant of £200 from the Co-operative Union. A special annual congress fund is raised each year, for which a substantial grant is relied on from the inviting society, the remainder being raised by donations kindly given by other societies in the section, &c.

goods has been the co-operative ideal from the time of the Rochdale Pioneers, and cash payments on the part of customers is their contribution to honest dealing. The Guild, therefore, discourages the credit system, which has so often produced disastrous results.

The spirit of *fellowship*—summed up in the co-operative motto—"Each for All, and All for Each"—when applied in practice, means not only a more equitable distribution of wealth, but of knowledge and mental enjoyments, and the provision of a social life in which friendships and common aspirations should bind all the members together. Common funds, which all have helped to produce by associated action, provide libraries and reading-rooms, bringing knowledge within the reach of all; and halls, where the members can educate themselves in industrial and civic questions, where music can be performed, and pleasure sought in a society of friends. This is the educational policy of the Guild.

The Guild has taken a leading part during the last years in advocating the extension of co-operation amongst the poorest of the population. It believes in adapting co-operative customs and rules, so as to make it easy for the poor to become co-operators. In 1899 the Guild put forward a scheme which included (*a*) a people's store where there should be low dividend and low prices, and where articles should be sold in the smallest quantities, (*b*) a cooked meat shop, (*c*) a loan department, (*d*) hall and rooms for resident workers. The Sunderland Society built a block of buildings in the poorest and most overcrowded part of their town to try an experiment on the lines of the Guild scheme. The store has now been open a year and a half with marked success, both as regards membership and trade. Two women workers, residing on the premises, organise the social and educational work, visit the people in their homes, and take share capital and penny bank money at a desk in the store. The movement has watched the work of the Sunderland Society with great interest, and other societies have opened branch shops in poor neighbourhoods.

Since co-operative women have been roused to a sense of their duties and opportunities, they have seen the need of seeking a share in responsible posts, so as to be able to carry out the co-operative faith they have learned. The Guild does not seek special representation for itself as a body in the movement, but prepares women and opens up chances for them to take their places on a footing of equality beside the men.

Year by year the position of women grows stronger.

This year (1904) 30 women sit on management committees and 238 on educational committees of societies, while two women have seats on the Central Board of the Co-operative Union, one of whom is chairman of the United Board.

Although the great bulk of Guild members are married women, whose home is their "workshop," there are a large number of members who themselves work in the mills, and nearly all are connected in some way with factory and workshop life; so that it is natural that the Guild should use its organised strength on behalf of women workers in trying to secure better factory and workshop legislation.

The labour policy of the Guild is that of seeking freedom and health for the workers by means of legislation in their best interests, and it opposes or supports industrial laws according as they represent this policy or not. Resolutions have been passed in favour of—

- (1) Reduction of non-textile hours to those of textile trades.
- (2) Further restriction and ultimate abolition of overtime for women.
- (3) Inclusion of laundries under Factory Acts.
- (4) Replacement of home by factory work.
- (5) Increase in number of women factory inspectors.
- (6) Appointment of women as certifying surgeons.
- (7) Annual examination of the health of factory children.
- (8) Raising the age of half-timers.
- (9) Compulsory compensation for accidents.

Care has been shown for the health of the workers by efforts to increase the sale of leadless glaze pottery and non-poisonous matches.

The Guild also advocates full national citizenship for women. By means of lectures and conferences it educates women in public health laws, in housing, and land laws, has demonstrated earnestly in favour of free trade, seeks, where possible, to return its members to posts of municipal activity, and desires the parliamentary franchise for women. As far as actual results go, one of the most striking features of the Guild's history is the number of working women it has brought out as Poor Law Guardians, and the notable success one or two have obtained. In the recent elections (April 1904) eight Guild members headed the poll in their respective towns or wards, and thirty-one were returned as Poor Law Guardians.

The Guild issues its own special literature, dealing with

the co-operative, labour, and national questions referred to. It has also recently published a "History of the Guild, 1883-1904." This small book (price 9d.) and all pamphlets (1d. each) may be obtained from the General Secretary of the Guild, Miss Llewelyn Davies, Kirkby Lonsdale, Westmoreland.

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## II. THE WOMEN'S CO-OPERATIVE LEAGUE OF FRANCE.

By MME. GUÉBIN, *General Secretary of the League.*

THE formation of a Women's Co-operative Guild for France was first suggested at a meeting held on 20th January 1903, at the "Popular University" of the Faubourg St Antoine in Paris, known as "La Coopération des Idées." There were well-known co-operators of both sexes present, among them Mme. Barthélemy, the principal of a public school; Mme. Courtet, a departmental factory inspector; Mme. Cahen-Léon, Mme. Daujean, Mme. Jules Ferry, Mme. Guébin, secretary of the "Popular University" known as "le Foyer du Peuple"; Mme. P. Kergomard, a school inspector; and Mme. Robert-Halt. Mmes. Jusselin and Bouvier joined the society later on. The meeting had been asked to take into consideration proposals for providing comfortable and sanitary dwellings for single working women, of whom there are a great number in Paris. Some trade unions, for instance that of "Flowers and Feathers" (*Fleurs et Plumes*) had already taken up the idea, and were securing to their members the benefit of associative action in its execution. The persons present placed themselves in touch with the trade union named, and also with the union of female cashiers, clerks, and other female employees, and with the dressmakers' society "La Femme." Care was taken to ascertain what was being done in the direction proposed in various other countries, and after very painstaking and thorough investigation, a Dwellings Society for letting rooms and chambers to working women was formed on a very modest scale; and in pursuit of this aim, a house was hired. The society at once addressed itself to the work of propaganda, arranged a meeting in Clichy at the "Economie Sociale," and furthermore, issued an "Appeal to Working Women," with a view to securing a sufficient number of members before proceeding further. The result was not altogether encouraging,

possibly because the matter had not been taken up with sufficient vigour. Summer came and efforts slackened, and by autumn it had become apparent that the enterprise had failed.

A fresh start was, however, made upon somewhat modified lines. The original object of the society was still kept on the programme, but as a first step it was decided to form a distributive store. Such store was, accordingly, organised for the sale of groceries and divers other goods, and given the name of "La Ruche Coopérative" (the co-operative beehive). What was intended was, that the store should by its trade earn for the society the necessary funds, with the help of which to proceed to the execution of the original scheme under more promising auspices.

The "Ruche" has its registered office at 73 Rue Dulong, in the 17th Arrondissement of Paris. In addition to trading, this society makes a vigorous propaganda for the dissemination of co-operative ideas and habits its principal object, in order to hasten the arrival of a state of things in which the middleman's profit will be eliminated, and a fair equilibrium will be established between production and consumption. To attain this object, the society purchases goods wholesale, and distributes them among its members, its aim being to replace as much as possible the practice of sale at a profit by that of exchange without an addition to price. The store was opened some weeks ago. We use the office for gatherings of various sorts, such as meetings of mothers of families, friendly chats, and various series of lectures for practical instruction. The members' contributions are intended by small degrees to build up a reserve fund which is to be employed in providing working women's dwellings, or else to purchase land to be employed for productive or else recreative purposes, for the benefit of members and their families. The ideas upon which the society of "La Ligue Française des Femmes pour la Coopération" is based, will appear from the following clauses here quoted from its rules:—

Art. 1. A society bearing the name of "Ligue Française des Femmes pour la Coopération" is formed by the women agreeing to these rules.

Art. 2. The society has for its object (1) to make the benefits of co-operation known to all women; (2) to promote the development and extension of all forms of co-operation; (3) to promote union and combination among existing co-operative societies in their own districts, in their countries, and in a wider sphere by international action.

Art. 4. All members of the "Ligue Française des Femmes

pour la Coopération" bind themselves to purchase the goods which they require as much as is possible from co-operative productive and distributive societies, and to lodge so far as is possible in houses belonging to co-operative societies.

Art. 5. The "Ligue Française des Femmes pour la Coopération" consists of various sections and a central committee. Each section annually nominates its own committee, which in turn appoints its own executive. The sectional committees each elect jointly by ballot a central committee, the names of the nominees being handed in by each proposer in a list containing the full number to be appointed and voted for *en bloc* (*scrutin de liste*). The Ligue determines by bye-law in what precise manner the election of members of its central committee is to be proceeded with. The central committee is to consist of thirty full and six supplementary members. It elects its own officers and executive by co-optation.

Art. 8 (1). The "Ligue Française des Femmes pour la Coopération" consists of (a) adhering members, (b) fully subscribing members, (c) honorary members, and (d) donor members.

A woman may become an "adhering member" simply by accepting these rules, signing a paper declaring her adhesion, and paying according to her circumstances a subscription, the amount of which it is left to herself to fix.

"Fully subscribing members" are required to comply with the first two conditions named for becoming "adhering members," and to pay in addition a fixed subscription of not less than 6 francs a year. Such annual subscription may be compounded for by a single payment made when joining, of 100 francs.

The society selects as "honorary members" such "adhering" or "fully subscribing members" as have rendered to the "Ligue Française des Femmes pour la Coopération" some signal service.

"Donor members" are such as pay a fixed annual subscription of 20 francs or more to the funds of the Ligue, or else compound for this by a single payment of 500 francs.

*March 1904.*

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### III. THE DUTCH WOMEN'S LEAGUE FOR CO-OPERATIVE PROPAGANDA.

By Madame A. TREUB-CORNAZ, *President of the Amsterdam Branch of the League.*

CO-OPERATION cannot be looked upon as an end in itself; it is a means, tried and highly efficacious, for the improvement of the economic condition of society in general and of working folk in particular.

If women could be brought to realise the great value of true co-operation, if they could be made to experience and appreciate its advantages, there can be no doubt that they would become the most ardent missionaries of the movement, its most powerful auxiliaries. Above all things their influence would be certain to become predominant in distributive co-operation.

Proceeding upon this line of reasoning the "Nederlandsche Coöperatieve Vrouwenbond," formed at Amsterdam in 1900, has made it its endeavour to extend and communicate a knowledge of the principles of co-operation among women, and more particularly among women of the working classes, to whom of course co-operation appears destined to render the most signal services. Our League is essentially and above all things a league of propaganda. We do not attempt to form model co-operative societies, as does our active younger sister, the "Ligue des femmes françaises." We do not aim at promoting the general development of our members, as does our powerful older sister, the "Co-operative Women's Guild" of Great Britain. Our aim is to form co-operative women, and every woman turned eighteen is free, whether she belong to a co-operative society or not, to join our society. We seek to create an enthusiasm for co-operation in our members by making them understand the wonderful triumphs that co-operation has won elsewhere, by spurring them on to active emulation. We labour to awaken in them a spirit of "solidarity," to make them perceive that co-operation means mutual help, by which every one must benefit. We bring it home to them that co-operation is the true practical execution of the old saws "Union makes strength" and "Let us help one another"; that, moreover, co-operation is a manifestation of peace and of brotherly love, whereas the excessive competition from which we suffer is a disease, a war without end.

Although not forming any new co-operative societies our-

selves, we make it our endeavour to encourage the formation of such by others and to strengthen those already formed.

The first section of the "Nederlandsche Coöperatieve Vrouwenbond" was formed at Amsterdam in 1900. The admirable doings of the British Co-operative Women's Guild had attracted our notice some years before, and there had been talk of forming a similar organisation. The idea did not, however, really take shape till after the Liverpool Congress of 1899. My particular mission at that Congress, which I attended as a Dutch delegate, was to inquire into the organisation and the work of the "Women's Guild." I was received with open arms and learnt what the kindness and hospitality of British women co-operators mean. I returned to Amsterdam not only instructed, but sensible of a great responsibility which the teaching of my friends in Great Britain had laid upon me, as if I had to render to them an account of my stewardship. However, Amsterdam seemed, after England, chilling. It struck me, from a co-operative point of view, as a veritable desert. There was no echo there to my co-operative enthusiasm. The more I tried to incite to action, the more did hindrances seem to grow up, the more did indifference and incredulity appear to bar the way. It was not till after a full year of dogged toiling that I succeeded in creating on this ungrateful ground something like a nucleus for a future league. We were but fifteen members at the beginning, who had gone through a course of co-operative teaching at the co-operative centre *Ons Huis*, which is the *Maison du Peuple* of Amsterdam. That teaching had awakened a little desire for action in the direction in which our British sisters had preceded us. Within some months the number of members grew to about thirty; and in September 1900 we were at length in a position to hold our first meeting, quite in private, in the two rooms of a modest *bovenhuis* (i.e., an "upper part") on the bank of the Amstel. It so happened that at the time Miss Mayo, the popular lecturer on co-operative subjects, was in Amsterdam, and she gave us an address. It seemed a curious medley of internationalism, a meeting of Dutch women, summoned together by a Swiss, addressed by an Englishwoman, while the Dutch master of the house, Professor Treub, stood by, to translate whatever was said, sentence by sentence.

There was our League at last actually formed! So far, so well. However, we were still without resources, without any following among co-operators. We had to cut our coat according to our cloth, and to economise money while freely expending labour. By hook and by crook we raised at any



rate sufficient money to hire a modest room and meet the most urgent outgoings. Fortunately for us, two excellent and hardworking women co-operators came to our rescue, namely, Miss A. Hingst, who is at present Secretary of the Central Board of the "Nederlandsche Coöperatieve Vrouwenbond," and Miss M. Hugenholtz, at present a Vice-President of the Amsterdam Branch, and also one of the founders of the Co-operative Dressmakers' Society *Voorpost*.

Nevertheless, two years passed before our Amsterdam example met with imitation anywhere else. It was not till 1903 that, thanks to the vigorous initiative of Miss Van Asperen van de Velde, the second branch of our League was formed, at the Hague. That lady had been a frequent attendant at our gatherings at Amsterdam during the first winter of the existence of the League. On moving to the Hague she took up the same work there, giving a course of lectures on co-operation as a beginning; as a result the Hague branch was formed, and Miss Van Asperen was its first president and presided over it with excellent results during a year. The two branches of course soon combined to a common League with a central Board, of which Miss Van Asperen was elected president. Unfortunately her acceptance of the secretaryship of the *Maison du Peuple* soon after, was found to involve her resignation of the presidency, the claims of the secretaryship absorbing all her time.

United though we are, under our Central Board, we have in our Women's League a kind of home rule. There are rules, of course, which apply to the League as a whole, laying down what is to be the subscription, how much is to go to the central treasury, in what manner questions of general interest are to be dealt with, how members are to be elected, and committees constituted, and what are to be the duties of each. However, within the limits of such general programme each branch has full power to settle its own affairs in its narrower sphere. The arrangements adopted have, indeed, turned out practically identical in both branches, but that is by their own free and several choice. It will suffice if I explain how things are done at Amsterdam.

We have regular gatherings between September and mid-June. At the outset we had a committee of three working women with a lady of greater knowledge of the world attached, with only advisory powers. Experience soon showed, however, that that would not do. Dutch working women are scarcely yet ripe for such responsible action. Difficulties arose, and soon the working women members of the committee themselves begged their advisory assessor to take the

conduct of affairs into her own hand. That done, things at once proceeded with exemplary smoothness, and they go on so still. Our committee now consists of five members, of which number, according to the rules, three must belong to the working class. As a matter of fact at Amsterdam most of our members are working women. Nevertheless the rules exclude no one, provided that a subscription of at least 90 cents per annum is forthcoming. We also admit the husbands of our members to our meetings, though without allowing them a vote. Their advice, however, is welcome, and often enough has it proved a valuable help. In addition to our regular members we have about twenty honorary members, who pay an annual subscription of 1 florin 50 cents or more. Like our husbands they are admitted to our meetings, and allowed to speak and to advise, but they must not vote.

The procedure at our meetings is always more or less the same. There is always an address given, or else a paper read on some subject of interest. Whenever there is practical business affecting the branch to be discussed, the members are asked to stay after the lecture. At the last meeting of the series, members suggest subjects for next year's programme. The committee then make a choice among the subjects suggested, taking care that, for every other gathering held, a topic genuinely co-operative is put upon the programme. The lecturers selected are in every case people (men or women) who have made a special study of their subject. We have to thank them for great readiness in coming forward to assist us. Apart from co-operation proper, the subjects dealt with are most varied. We talk about hygienics, the rearing and the education of children, women's rights and women's duties. We have even dabbled in elementary astronomy, in matters of art, decoration, and the like. We generally have about two-thirds of our members present, which shows that there is a good deal of interest felt. We have made our people understand that, women as they are, there must be some rudimentary order, and every one, for instance, must not be babbling at the same time. However, we banish from our meetings everything that approaches to stiffness or formality, and make them as much as we can of the nature of family gatherings, in which every one is at his ease. And in practice we find that once we have struck up our "Co-operative Song," with which we invariably open our proceedings, all feeling of constraint has disappeared. Twice or three times during our season we arrange public meetings for propagandist purposes, when we invite whoever chooses to come, and debate upon some subject or other

having distinct reference to co-operation, with the help of a magic lantern. Every two months, also, in our little circle we have meetings of a more recreative and friendly character, to which each member is allowed to bring two friends. Even on such occasions we are careful never to lose sight of the more serious aspect of co-operation. We have addresses relieved by pauses for conversation and the introduction of people to one another. Then we have a little music, with which we always find some able performer kindly willing to delight us. It is at these gatherings really that most recruits are enlisted. So they may be said to "pay."

We invariably wind up our season with a common excursion into the country, or to the seaside, or some other attractive place. That jollification is carefully saved up for all during the season. From September forward every one who cares may pay in 5 cents per week. And with the money so collected we arrange our "day in the country." There are numbers of working women in our city who in their weary round of drudgery never have a chance of putting their noses outside the city walls. For such it is a rare treat to be taken out in this co-operative way to the seaside, or else into a fresh green forest, or out into the flowery fields. And it does one's heart good to see what real enjoyment this annual glimpse of God's nature means for these poor people. Even should the day turn out wet, as it does all too often in our humid clime, there is the refreshing effect of change and novelty. And "Jupiter Pluvius" has never yet succeeded in damping our spirits.

Well, and after three years' work, what result have we to show? Not as much, unfortunately, by a long way as we might wish. We began with 16 women, and we have now at Amsterdam alone about 250—not all of them yet, so I am afraid, well-seasoned and convinced co-operators. We still have indifference to contend with, and that inborn Dutch conservatism which eyes everything that is new with instinctive suspicion. And then, alas, so many of our working folk are cruelly tied to their shops by debt, veritable serfs of the men who fleece them! Long subjection has cowed their spirits and scarcely left them enough courage even to try to throw off the yoke. One group of working folk, indeed, there are, inspired with manliness and readiness for resistance. But they are imbued with Marxism and think of co-operation only as a means to be employed for the attainment of their particular political end. On the other side we see politicians of a different type, and denominationalists, who are in truth the greatest obstacles to co-operative progress that we have

to combat with. However, though our progress is slow, as regards the movement as a whole, it is certain beyond the shadow of a doubt that the individual members of our League have gained not a little by what has been done. They have acquired a good deal of practical knowledge with regard to things that they can apply in their own households. The household has become the more comfortable, the more cheerful, and the happier for it. If then it is true that co-operation is a means of social improvement, we cannot be said to have laboured in vain. Moreover, our members have become considerably better educated than other women of their class. They take an evident interest in the questions discussed in their presence, and such discussion has to so great an extent stimulated a desire for knowledge that, at the suggestion of some of these women of the people, we are now trying to start a little popular library at Amsterdam. So far as can be managed that library is to include, in addition to standard books on co-operation and the various questions bound up in it, works also on the several subjects discussed at our meetings. And it is to be at any rate large enough to admit of every member having one volume for reading at home. We also hope to take in a number of periodicals and even some well-selected novels. Our members likewise seem warmly interested in a scheme for starting a co-operative laundry, put forward by the Amsterdam branch of the League. The move appears called for, because at Amsterdam we have no public laundries or wash-houses, and at such laundries as there are the prices are extravagantly high for a working family's budget. On the other hand, rents are too high to admit of working families taking lodgings in which they can do their own washing. Where they are there is not sufficient room. The inconveniences arising from such a state of things, more particularly when the family grows large, may easily be imagined. Accordingly we have invited the other co-operative organisations in Amsterdam to join with us. A joint-committee has been formed, and has in fact presented its report. The idea is that an independent co-operative organisation is to be formed, disposing of 75,000 guilders. Of that sum probably 45,000 guilders may be raised by mortgage. For the balance we count upon the support of existing co-operative organisations. The report recommends the adoption of a double tariff, one for occasional use at the prices now current at other laundries; the other intended for weekly use, a family of four persons to be charged a "subscriber's" rate of 60 cents a week with a maximum of 50 articles of linen allowed at that price, to be fully dried, but not ironed. Five

cents more are to be charged in respect of every additional person. It is supposed that if 500 households can be brought to join in the venture, the latter may be satisfactorily carried out. Up to the present we have only about 300 on our books. Nevertheless we are actively preparing the plans for our new laundry, and a committee has been actually appointed to deal with the question of finance.

For purposes of propaganda our Women's League has issued three little pamphlets thoroughly simple and popular in style, of which we hand over copies to the *Nederlandsche Coöperatieve Bond* for distribution at its various gatherings. We find them willingly taken, and have already disposed of a considerable quantity.\* Our great want for successful propaganda still is that of active propagandists. Our working-class members are not yet sufficiently trained for the purpose, and among "educated" women in Holland I make bold to say that there are not half a dozen who take sufficient interest in co-operation to prompt them to take an active part in the work. Outside the two cities named we have thus far made scarcely any headway. However, we do not lose courage. We mean to hold our next annual meeting at Haarlem, and to combine with it a social gathering which is to be open to outsiders. Maybe we shall then succeed in forming our third branch in that place. For our further means of propaganda we are beholden to the *Nederlandsche Coöperatieve Bond*, which has generously reserved for our use a certain space, a "Women's Corner" in its monthly organ, the *Maandblad voor de Coöperatie*. The *Bond* has at the same time also placed a number of copies of the *Maandblad* at our disposal for distribution among our members.

The account which I have been able to give of our doings is by no means brilliant. Things move only slowly. However, we will not be discouraged. In spite of obstacles we continue pushing on hopefully, trustfully, perseveringly, towards our goal, which we are determined to reach. Our little seedling plant is still small, and weak and frail. But we keep tending it, watering it, sheltering it with all possible care, in order that it may not be smothered by the surrounding mass of egotism, but grow above it and eventually crowd it out of existence. Our motto is that of the former architect of Dutch prosperity: *Ende dispereert niet* (And never despair)!

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\* These pamphlets are—(1) "Les Difficultés de la Coopération" (The Difficulties of Co-operation), by Miss A. Hingst; (2) "La Signification morale de la Coopération" (The Moral Meaning of Co-operation), by Miss M. Hugenholtz; and (3) "La Ligue des Femmes hollandaises et la Coopération" (The Dutch Women's League and Co-operation), by Mrs Treub-Cornaz.

## **FOURTH PART.**

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### **Reports upon Instruction given on Co- operative Principles and Practice in Various Countries.**



## I. GREAT BRITAIN.

By J. C. GRAY, *General Secretary of the Co-operative Union of Great Britain.*

THE appropriation of a certain portion of the profits made by a co-operative society, in its trading operations, for educational purposes, is one of the fundamental principles of the movement in Great Britain. It is true that all societies do not carry this principle into actual practice, but a great number of them do, and that largely to their advantage, as it stimulates the co-operative spirit in their membership.

In 1903 the societies in Great Britain granted £78,499 for educational purposes. This money has been used in various ways, according to the different circumstances and requirements of the societies and the district where they are located.

In districts where the municipal and local authorities supply extensive educational facilities, it would simply be a waste of time and money if the society were to overlap educational work already well done. Therefore, in dealing with the educational funds at their disposal, the committees of societies have to take local circumstances into account.

It is not possible to give any accurate estimate as to the proportions of the fund which are allocated for definite purposes. Generally speaking the educational funds are used for all or any of the following purposes:—

### EDUCATIONAL.

- (a) Libraries.
- (b) Reading rooms.
- (c) Classes in various subjects.
- (d) Lectures for students.
- (e) Grants for scholarships.
- (f) Distribution of literature.

### SOCIAL AND RECREATIONAL.

- (a) Concerts and tea parties.
- (b) Lectures for members generally.
- (c) Conversation and game rooms.
- (d) Classes for singing and music.
- (e) Excursions to places of interest.
- (f) Children's festivals.
- (g) Lantern entertainments.



As showing the extent to which libraries have been formed, it may be mentioned that in the counties of Lancashire and Yorkshire 55 societies have among them nearly 300,000 books in their libraries, and in the same counties there were nearly 400 news rooms open.

The educational work of the movement is to some extent advised and guided by a special educational committee appointed by the United Board of the Co-operative Union, which committee issues a yearly programme of suggestions for educational work.

The United Board Educational Committee has organised a system of classes in the following subjects :—

- (a) History and principles of co-operation.
- (b) Industrial history and citizenship.
- (c) Co-operative bookkeeping.

The report for 1904 shows that 1,273 students sat for examination in the subjects mentioned. The Co-operative Union issues certificates to the successful students, and also makes a grant to the society of 5s. for each one who passes the examination.

In addition to the classes for *seniors* there are special courses of study for *juniors*. For these juniors a special text-book suited to their requirements has been prepared with a view to giving, in a simple and clear form, the main ideas and principles involved in co-operation. During 1903-4, 97 junior classes were held and attended by over 2,000 children.

The Educational Committee also conducts examinations and grants certificates in *Auditing*, with the view of raising up a body of trained auditors for service in the societies.

Another important examination is that for *Co-operative Officials*. In order to pass this examination a candidate must have first passed in the advanced stages of all the other examinations, and when he has passed the "Officials' Examination" he is granted a certificate which ranks him as qualified to fill any office in the co-operative movement.

Another step in advance has been taken this year in the institution of *Training Centres for Managers*. Centres were established at Manchester and Glasgow, and were attended by nearly 200 students. By this means it is hoped to train up competent managers who will be fully versed in the aims of co-operation, and able to carry on the various businesses committed to their charge in the best interests of the movement.

In concluding this brief outline of the educational work

being carried on by the co-operative societies of Great Britain, it may not be out of place to quote the "definition of educational work" which appears in this year's "Programme" issued by the Co-operative Union Educational Committee, which is as follows:—

"The objects of co-operative education are, primarily, the formation of *co-operative character and opinions* by teaching the history, theory, and principles of the movement, with economics and industrial and constitutional history in so far as they have bearing on co-operation; and secondarily, though not necessarily of less import, the training of men and women to take part in industrial and social reforms and municipal life generally.

"It deals with the rights and duties of men and women in their capacities as co-operators, workers, and citizens.

"As things are at present in most of our large industrial centres, it is no longer necessary for co-operative educational committees to establish general libraries and organise evening schools and technical classes. These having been provided for under the Libraries and Education Acts, it will probably be sufficient to direct attention to the way in which local authorities fulfil the duties imposed upon them. At the same time it may often be found necessary to supplement existing libraries by gifts of books bearing on co-operation, and, where the local authorities cannot be induced to do their part, the duty of the co-operative committee will be as heretofore.

"Sympathy should be shown and assistance given to all attempts to bring university teaching within reach of the workers.

"Educational work also includes the provision of concerts, training of choirs, &c., and all that goes to make up the social life of a co-operative society."

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## II. DENMARK.

By MR SVEND HÖGSBØ, *Hon. Secretary of "Andelsudvalget."*

THE idea of instituting courses of instruction such as the Danish Union of Co-operative Distributive Societies provides twice a year for its members at the People's High School at Storring, is in the first place due to the resourceful mind of the indefatigable chairman of the Union, M. Severin Jørgensen, to whom Danish co-operation is beholden for so

many useful innovations. Once he had satisfied himself that in the person of M. Voigt, the principal of the High School referred to, he had found the proper man for the purpose, the Union at once acceded to his suggestion, and in the autumn of 1902 decided to proceed experimentally. The result was so incontestably successful that the course was repeated, and now it may be looked upon as a permanent feature in our co-operative work, to be not only retained, but developed and perfected.

It is the Union which pays for the instruction, leaving those benefiting by it to find only their board during the six days which each course lasts. That is in each case a matter of 12 Kr. Space and teaching apparatus being circumscribed, the courses are nominally limited to thirty persons each time. However, applications are so numerous, and made with so much earnestness, that it has proved impossible strictly to enforce the limit.

The subjects on which instruction is given are in the main these:—Account keeping, knowledge of the goods dealt in, and co-operation generally, more specifically distributive co-operation in Denmark and elsewhere. There is a discussion after every lecture.

To train the students in store management, a full year's accounts of an imaginary store have been drawn up, after consultation with M. Jørgensen and M. Larsen, the able manager of the Union's depot at Aalborg. In them every point is brought forward on which instruction may seem to be needed. This account is explained and dissected and discussed, and, taking it for their pattern, the students are then made to prepare a similar one, which is afterwards submitted and discussed in its turn.

However, that is only one side of the question. There are lectures every day on subjects connected with co-operation generally, and its social and economic importance. Here are some of the subjects treated of:—

1. The formation of a co-operative store, its fundamental principles and its rules.
2. The rights and duties of managers, committees, employees, and members.
3. The object of the Union, and its relations to individual societies.
4. The relations of Danish co-operation to the co-operative movement generally.
5. The ideal and educating element in co-operation in Denmark and elsewhere, and its importance for the family and society.

M. Larsen is the instructor on the nature of goods dealt in. He produces samples, and explains their value and their distinctive qualities.

Every evening from half-past seven to half-past nine there is a discussion on some co-operative subject or other among the students, who vote one of themselves in the chair. The subjects are generally of a practical nature, such as, how to form a working capital, how to form a reserve fund, &c. Once every course there is also a full-dress debate on some question of present importance, in which the chairman of the Union and other co-operators of authority take part.

If the question be asked: What actual results have these courses of instruction produced? it is not altogether easy to give a precise answer. However, it may be affirmed with confidence that no one has taken part in these lessons without learning something. The uniformity in account keeping which is now extending, the sharpening of men's wits, and the better grasp obtained of the meaning and importance of co-operation, its objects and the means with which it works, are alone worth a good deal. And over and beyond that, those who take part in the lectures become animated with greater zeal, and aim at higher ideals. They are brought to understand the great good for society in general which is involved in co-operation, and work afterwards in greater union and with better heart, opposing their growing force to the excessive power of capital, trusts, and selfish egotism. It is not without importance that the lectures should be given at a People's High School. For those schools have by their admirable work become identified with the idea of progress and striving for perfection. Their masters have for the most part acquired the enviable gift of inspiring students with a zeal for work, and for good work. Their effort is assisted by the friendly, quite familiar intercourse which takes place and makes these courses so enjoyable to students. It seems real family life, and the six days pass pleasantly away. The majority of students are salesmen. But there are also bookkeepers, managers, and auditors, all drawn together from the most various parts of the country.

Unquestionably these educational courses have done good. However, they do not make us vain or conceited. The end of all learning seems to be, in this case as in all others, to show how much there still remains to be learnt. We plod on resolutely, and hope to make that further learning general, so as to impregnate our people with co-operative ideas, and carry co-operation to ultimate victory for the benefit to society.

[The "People's High Schools" referred to in the above report are an institution thoroughly distinctive of Denmark, and due to the influence of Bishop Grundtvig and the intelligent resource of M. Kristen Kold, the son of an artisan, who devoted himself to education with great zeal. The first school of the sort was established at Rødning in 1844. The schools made their way slowly up to the outbreak of the war of 1864. There were then eleven in all Denmark. A powerful impetus was given to their formation by the war. In 1874 there were fifty-four, and at present there are ninety-eight.

All these schools are private venture establishments depending for their attendance upon the efforts and ability of their masters. They are either for young men or else for young women only, but in some few there is a mixed attendance. The courses of instruction are either for three months in summer (this is usual for young women) or for five or six months in winter (for young men). The payment claimed is very moderate, as a rule 90 K. for the three months' course and 150 K. for the five months. Of this amount the State contributes 20 K. per month per pupil, which reduces the tax upon the young people themselves or their parents to, severally, 50 or 30 K. per course. The State also contributes substantially towards further instruction in technical colleges, to which pupils leaving the "People's High Schools," and desiring to devote themselves to a particular calling, are passed on.

The two mainly distinctive features in the "People's High Schools" are—(1) That pupils are taken, not in the ordinary school age, immediately after leaving the elementary school, but at about eighteen and up to twenty-five, which is, according to Herr Kold, the period of life when mental receptivity is greatest and the mind is most apt to retain what it acquires; and (2) that personal influence is made to go before method. It is the latter principle which makes these schools so remarkably useful. There are no hard-and-fast methods. The teacher is expected to adapt himself to the pupil's idiosyncrasies and to impress them by means of personal influence. No technical training is given in these schools. However, the peasantry learn really all that they want to know to be intelligent husbandmen and worthy and self-improving citizens. Those who desire to acquire more technical knowledge, say in agriculture, are passed on to the agricultural colleges, which are likewise excellent, and which have, generally speaking, about 500 pupils among them. That was the figure in 1900.

In the "People's High Schools" attendance varies between about 12 up to about 200. In 1898-99 the total attendance was 3,491 young men and 2,646 young women, only 76 being under sixteen, 480 between sixteen and eighteen, 4,887 between eighteen and twenty-five, and 1,093 over twenty-five. Distinguished according to their classes, 3,313 were the children of more or less substantial peasants, 1,471 of *hutsmaend* (cottagers), 980 of artisans, 362 of tradesmen. Only 341 hailed from towns. The teachers are all very well trained and qualified. In addition to the ordinary ones, there are professional men, such as veterinary surgeons, teachers of agriculture, &c. All these schools are boarding-schools. The pupils being of a comparatively mature age, there is ample scope for putting them on their own responsibility, and this it is which is said to give to these schools their distinctive utility for the formation of character.

H. W. W.]

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### III. GERMANY.

#### (A.) INSTRUCTION AT UNIVERSITIES AND COLLEGES.

THE Royal Agricultural College of Poppelsdorf, which forms part of the University of Bonn, was the first public institution in Prussia to make instruction in co-operation a regular item of its educational programme. The Principal of that College, Privy Councillor von der Goltz, writes with regard to what is done there under date of 23rd January 1904:—

"It is only since a few years that students here are taught co-operation as part of the curriculum. The teaching of co-operation is committed to an assistant master, Professor Dr Fassbender, and he lectured for the first time in 1899. Professor Fassbender reads in the summer term two hours every week on "agricultural co-operation," and in winter one hour on "the cultivation of well-being in the country" (*ländliche Wohlfahrtspflege*), and also one hour every week on the "management of agricultural co-operative societies." In addition to this, students are taught with the help of model forms and papers how co-operative societies should be established and conducted, and instructed in the requisite bookkeeping.

"Such theoretical tuition is supplemented by occasional

visits to, and inspection of, co-operative societies in the neighbourhood, which are known to be well managed.

"The number of students inscribed for such courses in co-operative teaching varies between 30 and 60."

The *Hallesche Zeitung* states that Government President von der Recke of Merseburg has directed the school authorities of his district to include "co-operation" as a subject for teaching in the curriculum of the higher classes in popular schools.

Lectures on co-operation applied to agriculture are also regularly given at the Universities of Berlin, Halle, Jena, and, since recently, Breslau. Quite lately a Chair for Agricultural Co-operation has also been endowed at the Technical High School of Danzig. The first course of lectures was begun in October.

## (B.) IMPERIAL UNION OF GERMAN AGRICULTURAL SOCIETIES.

A REPORT upon the education in co-operation given in this important Union, the largest existing of agricultural societies, which was very kindly promised by the chairman of the Union, Herr Haas, has to our regret not reached us at the time of printing. The official organ of the Union, the *Deutsche landwirthschaftliche Genossenschaftspresse*, however, publishes the following particulars about co-operative education intended to be given.

The Imperial Union has decided to establish a German school for teaching co-operation as applied to agriculture as a means of meeting the growing demand for a supply of "revisors," managers, lecturers, instructors in dairying, or directors of commercial and technical departments in central unions and large local societies, well trained and grounded in a knowledge of co-operation.

"The school will begin its work by making arrangements for courses of instruction for co-operative employees and intending applicants for employees' places. Special courses of instruction in particular branches of co-operative business, and others for the training of persons whose employment brings them into frequent contact with co-operative organisations, such as officers of local government bureaux, or the law courts, teachers of agriculture, &c., are to be added, and some supplementary arrangements are to be made to make instruction more complete.

"The first course of the kind, which is to occupy about five weeks, is to be held at Darmstadt in September and October 1904. Its object is to perfect officers of co-operative unions and societies in a knowledge of matters concerning co-operation. The persons qualified to take part in this course accordingly are these: "Revisors" of unions, managers of unions, commercial and technical employees of central unions and large societies, lecturers on co-operation and those who propose to seek employment in any of these capacities.

"No fee will be charged for taking part in this course of instruction. There will be absolutely nothing to pay. Also the Imperial Union will do its best to obtain for the students in Darmstadt cheap board and quarters, according to their requirements. Thoroughly qualified teachers have already been secured for every one of the subjects to be taught. Also distinguished jurists, and experts in matters of railway and postal service, have promised to assist.

"The following is the teaching programme decided upon:—

"1. History, organisation, general principles of co-operation as applied to agriculture, with special reference to the Imperial Union and its sub-unions. 12 hours.

2. Co-operative law. 10 hours.

3. Co-operative and commercial management of

(1.) Central credit banks and agricultural banks.  
6 hours.

(2.) Central purchase (supply) and sale societies.  
5 hours.

(3.) Dairy societies. 4 hours.

(4.) Other forms of societies. 6 hours.

4. 'Revision,' auditing, and inspection. 12 hours.

5. General and specifically co-operative bookkeeping.  
24 hours.

6. Knowledge of goods dealt in and commercial usages, &c. 10 hours.

7. Money and credit. 12 hours.

8. General law for co-operative organisations. 12 hours,  
viz. :—

(1.) Civil law. 4 hours.

(2.) Commercial law and law of promissory notes,  
&c. 5 hours.

(3.) Various forms of associations. 3 hours.

9. Railway tariffs. 2 hours.

10. Postal service, telegraphs, and telephone. 2 hours.

11. Organisation and communication with the authorities and public bodies with which co-operative societies are brought into contact. 4 hours.



"In addition to the lessons proper there will be supplementary exercises in practical matters, evening discussions, and practical student courses in the best co-operative organisation existing."

More or less similar instruction, not, however, nearly as full or systematic, and relating in the main to technical matters of bookkeeping and the like, has already been given in local sub-unions of the Imperial Union. Among the subjects there dealt with we find: "Provision of Co-operative Law," "Advantages of joining a Co-operative Union," "Relations between Societies and a Central Union," and similar subjects.

Since the above was printed, according to the *Deutsche Landwirthschaftliche Genossenschaftspresse*, the organ of the Darmstadt Union, the first course of instruction has taken place, being attended by 35 students.

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### (C.) WÜRTTEMBERG.

*According to information supplied by the Württemberg Department for Trade and Commerce.*

THE Württemberg Government has for some time back endeavoured to promote instruction in co-operation by pressing the furtherance of such education upon local authorities. But it is only since quite recently that it has taken the matter into its own hands. A vote was taken this year for such purpose, and the first course of instruction was held, it is said with excellent results, at Stuttgart, from 25th April to 4th May last. The Government finds lecture rooms and workshops, pays the teachers and allows travelling expenses, and the chambers of commerce and local authorities between them pay each student, according to his domicile, 5 and 8 M. a day. The first course of instruction was attended by 20 artisan students; namely, 3 shoemakers, 3 bakers, 7 joiners, 2 butchers, and 1 each representing the following callings: Tailor, glazier, tanner, house-painter, and locksmith. Highly competent teachers were employed, and the curriculum embraced the following subjects:—Legislation affecting co-operation, the formation, establishment, and management of co-operative societies more specifically for the purchase of raw material, the common employment of machinery and power, furthermore bookkeeping, and the economic value of co-operation. The same text-books which had been recom-

mended for the use of local authorities were employed by the teachers in this course, which is to be repeated. The books are these:—"Anleitung zur Gründung von Handwerker-genossenschaften," by Dr Hans Crüger; and "Rohstoff-genossenschaften der Handwerker nebst Anleitung zur Buchführung einer Rohstoffgenossenschaft," by Drs Hans Crüger and Jäger.

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#### IV. AUSTRIA.

##### (A.) AGRICULTURAL CO-OPERATION.

TEACHING in connection with co-operation, but really rather technical (accountancy and bookkeeping) than co-operative, is given by "Co-operative Instructors" appointed under a law of 1899 as a new authority and also by various co-operative unions. It is, however, understood that the Austrian Ministry of Education contemplates in conjunction with the Ministry of Agriculture to cause a course of lectures on co-operation to be included in the curriculum at the imperial High School of Agriculture of Vienna.

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##### (B.) INDUSTRIAL CO-OPERATION.

*Information communicated by the Imperial and Royal  
Ministry of Commerce.*

ONE of the particular tasks with which the special Department in the Ministry of Commerce created for the promotion of the interests of small trades is entrusted is this: "To exert its influence in favour of the formation of co-operative societies and the adoption of co-operative industrial methods." Such work is, however, evidently to be carried on for the specific purpose of making the two benefits offered by the Departments, that is, the use of machinery, motors, and other trade appliances, and once more, easy and cheap credit, accessible to single persons by leading them to unite into combinations, by which means alone they place themselves in a position to obtain and profit by them. It has been ascertained that wherever small industry is suffering, the main cause is its want of convenient credit. In the

main, therefore, the "teaching of co-operation" is applied only as a means to a specific end, and consists of little more than the placing of a very full handbook, carefully prepared by the Department, and explaining the law which governs co-operative organisations, and other things available for small manufacturers and workmen qualified to form associations for the prosecution of common objects. The handbook also contains model rules and instruction on every kind of bookkeeping, and all the formalities to be observed in the conduct of a co-operative society. On every point entering into this matter, which is rather mechanical and routine than really educating, the Department is willing on application to supply further information. There are also special courses of instruction in various localities on bookkeeping and other business work. However, in a recent annual report, the Department recognises that it is desirable that justice should be done also to the "ethical" side of co-operation. Under the stimulation of the Department, a number of small masters' and also working-men's co-operative societies have been actually formed, which appear to fulfil the intentions of the authors of this method of assisting industry, and most of which are reported to be prospering.

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## V. SWITZERLAND.

EDUCATION in co-operation has been given for more than ten years back at the Public Agricultural Winter College at Brugg in Aargau. The teacher there is Rektor Abt. Two hours a week are set apart for the purpose. Following the example there set, a number of other schools now likewise teach the principles of co-operation. There seems also to be some tuition of the same sort given at the Federal Polytechnic College at Zürich.

Furthermore, several Unions of Agricultural Co-operative Societies make a point of providing for their members and their children regular courses of lectures in co-operation and also in bookkeeping, for both of which very precise rules carefully prepared are laid down. The "Ostschweizerischer Verband landwirthschaftlicher Genossenschaften," having its headquarters at Winterthur, devotes great attention to such training in bookkeeping and to other cognate matters, and has instituted courses of lectures which occupy four entire days each. The curriculum comprises bookkeeping proper,

carried into very minute details, training in a knowledge of the goods mainly dealt in to enable managers to determine quality and value, co-operative law, the duties of women in agricultural co-operation, the work of co-operative vintners' associations, the daily business of managers, the proper form of correspondence, the giving of orders, stocktaking, auditing, preparation of balance-sheets. All these things are taught with the help of practical illustrations. The course also includes lectures explaining the object of co-operative distribution in connection with agricultural organisations, and the setting forth of the rules to be observed in the holding of public meetings and of council meetings.

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## VI. FINLAND.

By Dr HANNES GEBHARD, *Chairman of the Society "Pellervo."*

THE first agency to which Finland is beholden for the promotion of co-operative education is the Society "Pellervo." It is answerable for a great deal of what is actually done. It accomplishes its work by the following means: (1) The Society answers questions, orally or by letter, gives legal advice, &c., to all who come to it for such information. There is now scarcely a co-operative society formed on whose formation the "Pellervo" is not directly consulted. And all that it does it does free of charge. Next, it employs lecturers and teachers who travel about to do their teaching work. There are at present six. One of them deals exclusively with dairy co-operation; he helps in the formation of dairies and advises managers. At first these lecturers went from place to place at their own will and lectured without being asked. Since interest in co-operation has become general, however, they find their work cut out for them to order. Their advice is freely asked on questions of formation and management. Propaganda has given place to organisation. The lecturers are in great request for lectures, and also attend annual meetings of societies where a lecture from them is made part of the proceedings. They help in the drafting and amending of rules and in other ways. Also they visit the agricultural schools, the People's High Schools, and other educational institutions, and deliver lectures on co-operation. All this is done free of charge. Another useful educational service that the "Pellervo" renders is that of courses of instruction for co-operative bookkeepers.

In such courses practically everything is taught that seems required for the management of a society. Once more, the "Pellervo" turns its annual meeting to account for purposes of instruction, causes lectures to be delivered on important co-operative questions of the day in which useful information is imparted. Its journal, *Pellervo*, is found a most useful means of disseminating co-operative teaching. In order to penetrate beyond the limits of the purely co-operative world, it has made itself generally agricultural, discussing agricultural questions freely. To them, of course, it adds much co-operative intelligence. And it offers prizes to societies which obtain for it a large circulation in their particular district. By means of its commercial intelligence department the "Pellervo" is active in disseminating education in another way.

In our country business education generally is still so backward that people want to be taught the most elementary matters, such as buying at all in common. The intelligence department renders this service freely and well, shows people how to organise purchase, instructs them about the proper goods, analyses articles for them, advises and generally serves them as "guide, philosopher, and friend," by letter and by word of mouth, sending its employees about the country. In the last place, the "Pellervo" has memorialised the Government in favour of having co-operation regularly taught in agricultural popular schools. The Government has not yet taken action upon such request. However, there is reason to believe that it will, all the more since a committee appointed to advise the Government upon the books to be used in the said schools has reported in favour of having a short course of lessons given on co-operation.

Next to the "Pellervo" the central co-operative institutions are active diffusers of co-operative education. The central agricultural co-operative bank plainly owned, upon its formation, that its object was not so much to swell up co-operative credit business to the biggest possible bulk as to make small agricultural folk understand the principles of credit by ministering to their humble wants. For a considerable time, accordingly, its employees will have to act not only as bankers but also as teachers and organisers. The bank does not allow any individual credit society to open a credit with itself unless it has first sent one of its own officers down to look into matters and satisfy himself that that particular bank is formed on sound co-operative principles.

The newly-formed union of distributive societies is like-

wise already active as a teaching body, sending its lecturers about and giving advice.

In the third place, local societies do their little best in aid of education. That does not yet amount to much. For the local co-operators have not yet, as a rule, quite learnt to understand the necessity of co-operative education. However, some of them are careful to invite one or other of the "Pellervo's" lecturers to their annual meetings to give addresses, and they also circulate the journal *Pellervo* among their members. In the last place, co-operative education is taken up by good friends outside the co-operative world proper. Our People's High Schools, formed after the pattern of the Danish, and having for the most part sons and daughters of the peasantry for their pupils, frequently invite lecturers on co-operation to address the young folk. They also make the latter play at "co-operative dairy," and so learn how to organise and manage a dairy, when serious work takes the place of play. Our students are most active propagators of co-operative education. The general press takes an interest in it, and even the working-men's party has taken up distributive co-operation as one of its distinctive subjects, and makes its officers plead for it among working folk.

In general, then, Finland seems to be doing its share in educational work according to its power. The leaders of the movement spare neither money nor energy. What the result will be the future must show.

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## INDEX OF SPEAKERS.

Alberti, Dr, 127

Balogh, Dr E., 105, 146

Barre, R., 133, 183

Bennett, Miss, 96

Bernát, Dr L. (Secretary of the Congress), 50

Buffet, L., 166

Chiousse, C., 139, 159, 192

Crüger, Dr H., 91, 148, 159, 160

Dalai, L., 171

Darányi, I., 46

Dömötör, Dr H., 87, 109, 111

Duca, J. G., 184

Elm, A. von, 106, 134, 170

Ertl, Privy-Councillor, Dr, 141, 170

Fontgalland, A. de, 181

Füredi, J., 139, 170

Gray, J. C., 98, 160, 166

Halstead, R., 141

Héliès, L., 97, 147, 165, 167

Issakoff, P. N., 128

Karácsonyi, Dr L., 151, 159

Károlyi, Count, (President of the Congress), 49, 52, 70, 101, 104, 109, 110, 111, 134, 156, 161, 163, 184, 195

Kaufmann, H., 88, 167, 170

Klingensbiel, W., 95

Laehne, H., 104

Mailáth, Count J. (Vice-President of the Congress), 106, 108, 153, 157, 192

Maxwell, W., 148

M'Innes, D., 86, 159, 166

Müller, Dr H., 70, 106

Parini, E. 132, 191

Rocquigny, Count de, 111, 157, 159, 166

Schär, Prof. Dr, 158

Seidl, A., 135, 136

Steinbach, Frau, 99, 152, 170

Störck, Baron, 168, 169, 170

Széchenyi, Count I., 138

Teleki, Count A., 152

Tisza, Count (Prime Minister of Hungary), 162

Vivian, H., 134, 155

Weydlich, C. de, 145

Wolff, Dr K., 130

Wolff, H. W. (Chairman of the Alliance), 48, 49, 63, 109, 110, 127, 132, 134, 141, 146, 157, 159, 160, 164, 165, 166, 167, 168, 169, 170, 171, 184, 191, 192, 194

Wrabetz, C., 102, 104, 137

Zichy, Count A., 105, 136, 144, 159, 160





